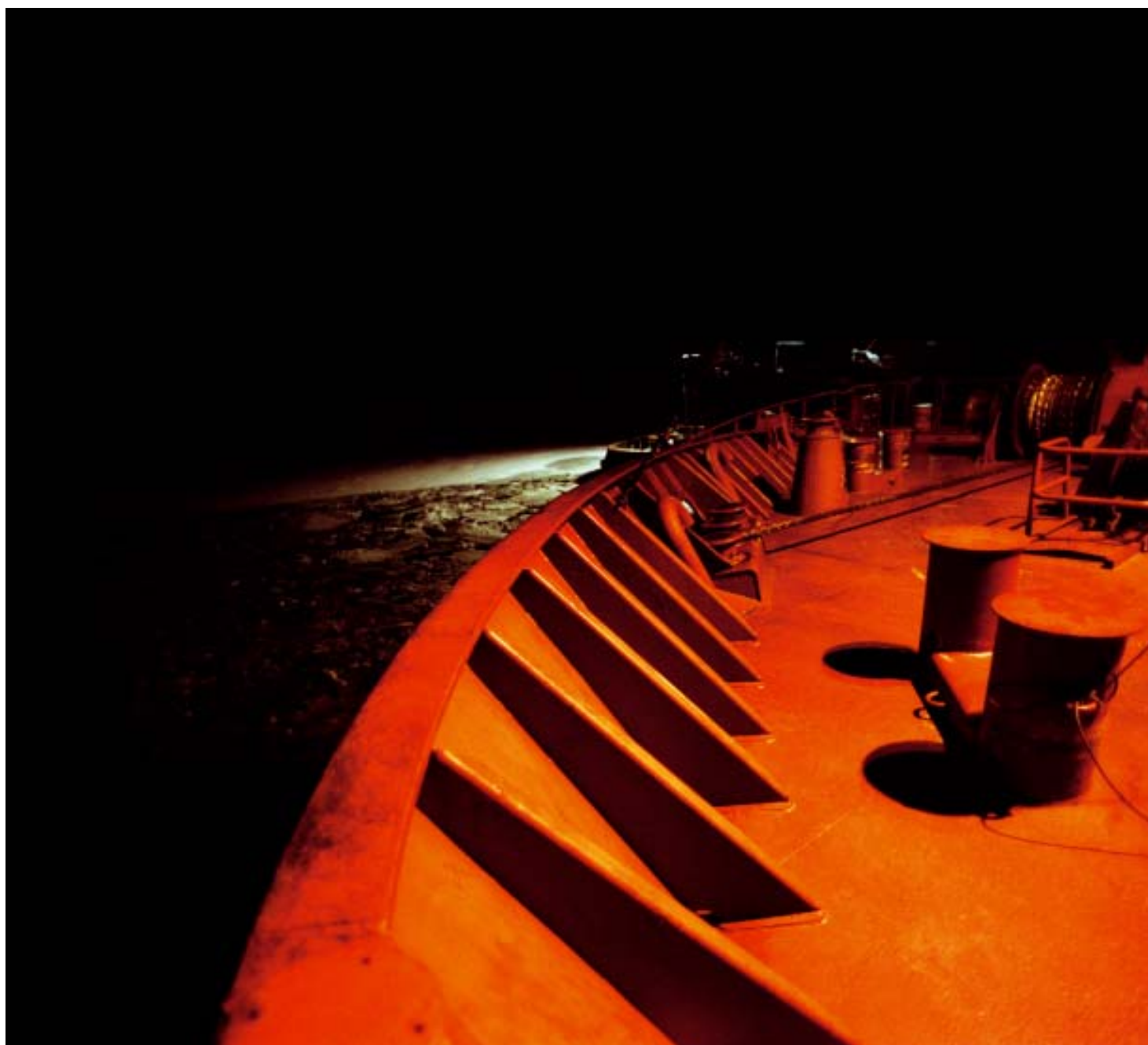


## Annual Report 2003



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## Aspo in Brief

Aspo provides value-added logistical services for industrial customers. We support the energy and process industries with special expertise and logistical know-how that enhances their processes. Aspo's customer relations are long-term partnerships based on solid trust.

### Key Figures

	2003	2002	Change, %
Net Sales, MEUR	145.2	138.9	4.5
Operating Profit after Depreciation, MEUR	13.6	9.0	51.1
Share of Net Sales, %	9.3	6.5	
Profit before Extraordinary Items and Taxes, MEUR	12.5	8.0	
Share of Net Sales, %	8.6	5.8	
Gross Investments, MEUR	24.6	7.4	
Share of Net Sales, %	17.0	5.3	
Earnings/Share (EPS), EUR	1.01	0.66	
Equity/Share, EUR	6.55	7.41	
Equity Ratio, %	44.8	55.0	
Return on Investment (ROI), %	16.5	11.9	
Return on Equity (ROE), %	14.5	9.5	
Personnel, December 31	536	538	

We operate in three divisions:

### Aspo Chemicals

Aspo Chemicals imports and markets industrial chemicals and plastic raw materials, and produces branded automotive chemicals.



### Aspo Shipping

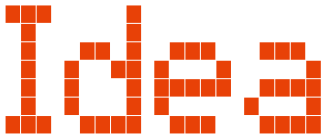
Aspo Shipping handles marine raw material transports for the energy and heavy industry sectors.



### Aspo Systems

Aspo Systems produces and services dispensing and payment automation systems for service stations.





## A Critical Link In Our Client's Value Chain

Aspo provides logistical support services for industry. We serve companies in the processing and energy production sectors, both of which require extensive specialist knowledge and logistical competence. We are responsible for an important part of our clients' value chains.

Our vision is to increase Aspo's value and competence over the long term, from one generation to the next. Our goal is to establish enduring client relationships based on strong partnership and accumulated know-how. We believe this is the best way to increase shareholder value.

Aspo's sectors share many features that support cross-divisional synergy. We serve demanding B-to-B clients in all three of our divisions. Our logistics know-how is diversified: we have a long history of managing a variety of value chains. This helps us to better understand the customer's logistics as a whole.

As a diversified company we have a good overview of the evolving business environment, from several different points of reference. We can leverage experience gained in one sector and transfer what we have learned to other sectors and customer relationships. This allows us to serve our customers better.

## Aspo Chemicals

### Linking Producers & End Users

In industrial chemicals Aspo Chemicals' strategy is to link raw material producers and chemical end users. Superior logistical know-how has given Aspo Chemicals excellent credentials to assume responsibility for a part of both the producer and end user businesses. That is the engine of our growth.

In plastic raw materials our strategy revolves around efficiently serving small and medium size subcontractors who manufacture plastic components. These firms have to react rapidly to the changing needs of their own customers, so a responsive local distributor is crucial to their competitiveness. Aspo Chemicals is able to supply its customers with plastic raw materials tailored exactly to their needs.

## Aspo Shipping

### Just-In-Time Delivery

Aspo Shipping's strategy is to ensure the efficient transport of raw materials for energy producers and industry. Shipping takes particular care of vital transports for businesses utilizing Just-In-Time (JIT) delivery principles based on pinpoint scheduling. JIT requires superior responsiveness and delivery performance, which in turn demand close customer collaboration, a large enough fleet and a solid reputation developed over many years. These features build a clear competitive advantage for Aspo Shipping.

## Aspo Systems

### Total Service Station Automation - Reliably

Aspo Systems produces automation systems for service stations and provides a comprehensive palette of the related maintenance services. The Aspo Systems strategy is to act as a long-term partner for the market's leading service station chains by providing reliable, cost-effective automation solutions. As the number of unmanned stations increases, service station chains require dependable suppliers with state-of-the-art automation systems, equipment and maintenance services. Technologically advanced systems and a geographically comprehensive maintenance service system make Aspo Systems the long-term partner of choice for service station chains.



# 2003

## A Solid Foundation for Growth

Aspo had a successful year in 2003 despite very challenging market conditions.

Our operating profit improved and net sales rose. During 2003 we also laid a strong foundation for continued profitable growth.

Last year demonstrated the benefits of operating across several sectors. Although market conditions were generally weak, the year yielded some positive surprises. While Autotank's earnings fell far short of our expectations, Shipping's performance surpassed an already ambitious target. Aspo's divisions form a balanced, diversified combination, capable of generating returns even under difficult business conditions.

The year 2003 began dramatically. Severe ice conditions interfered with Shipping operations and generated higher dry docking expenses than expected. However, strong demand for coal boosted the fleet's shipping volumes to record levels. Since we successfully hedged depreciation of the dollar, there was nothing to hinder Shipping from generating excellent earnings.

The operations of Travans, which we acquired in 2002 and merged with Shipping, already generated healthy earnings last year. The acquisition brings Shipping valuable experience in barge fleet operations. This will certainly accelerate the integration of the barges purchased from Rautaruukki into our Shipping operations.

The Rautaruukki's sea transport deal has transformed Shipping into Aspo's biggest division. At the same time it will balance the company's operations. The relative share of coal in transported cargo will decline significantly. In addition the contract is euro denominated, which will reduce the impact of the dollar on invoicing. The combination of these two factors will make the entire company's operations more predictable.

Autotank's 2003 activities focused on laying the foundation for future growth. For Autotank the year had two faces. On the one hand, market conditions were weak and investments remained frozen. On the other hand, the decisive organizational changes executed under the new CEO's leadership have paved the way for a stronger performance once market conditions begin to improve.

Autotank's organizational changes required heavy non-recurring investments and the company went heavily into the red. The new leadership has accepted the challenge and expectations are high for Autotank's future. Once market conditions improve even slightly, the company should be in the black.

Chemicals operations tend to reflect the general state of the economy. Last year was like a roller coaster: the price increase was followed by a dramatic decline. However, despite the difficult situation Chemicals was able to safeguard its stable earnings level, characteristically for this sector.

**"Aspo's objective is to continue distributing an average of half of its annual earnings in dividends."**

This year is Aspo's 75th year of operation. The end of the year was historic in another sense as well: we moved into new premises and sold our old headquarters building. The sale of the Aspo building released funds for our development. The best way to celebrate our anniversary is to lay the foundation for Aspo's future success. There are opportunities in all divisions to increase our market share through both acquisition and organic growth.

Autotank is a case in point. First we want to get the company in tip-top shape. Expansion can begin only after that process is complete. Chemicals is facing clearer choices: we must seek out new growth boldly, either from the east or the west. Starting up operations in Ukraine is a concrete step toward charting growth opportunities

in the east. Despite its big leap in growth Shipping still has many opportunities; its customer base can be diversified, especially in Sweden. Its newly ordered bulk freighter will support the company's long-term growth objectives.

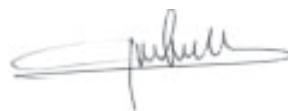
Sweden's importance to Aspo's operations has clearly increased during the last few years. The Autotank acquisition was the first big step in the west. The new ship order, placed jointly with the Swedish Don-söshipping, and closer customer relations with SSAB brought about by the Rautaruukki contract will further strengthen our foothold. The merger of the Helsinki and Stockholm stock exchanges is also enhancing our progress in Sweden.

Corporate tax reform created a lot of discussion about the future dividend policy. Aspo's objective is to continue distributing an average of half of its annual earnings in dividends. The decision on taxation won't change that.

Aspo's pool of shareholders increased last year by about 30 percent, to 2,370.

I wish to thank our old and new shareholders, as well as our clients and partners. Most of the credit for a good performance under difficult conditions goes to our skilled and exceptionally flexible personnel.

Helsinki, February 23, 2004



**Gustav Nyberg**  
CEO  
gustav.nyberg@aspo.fi

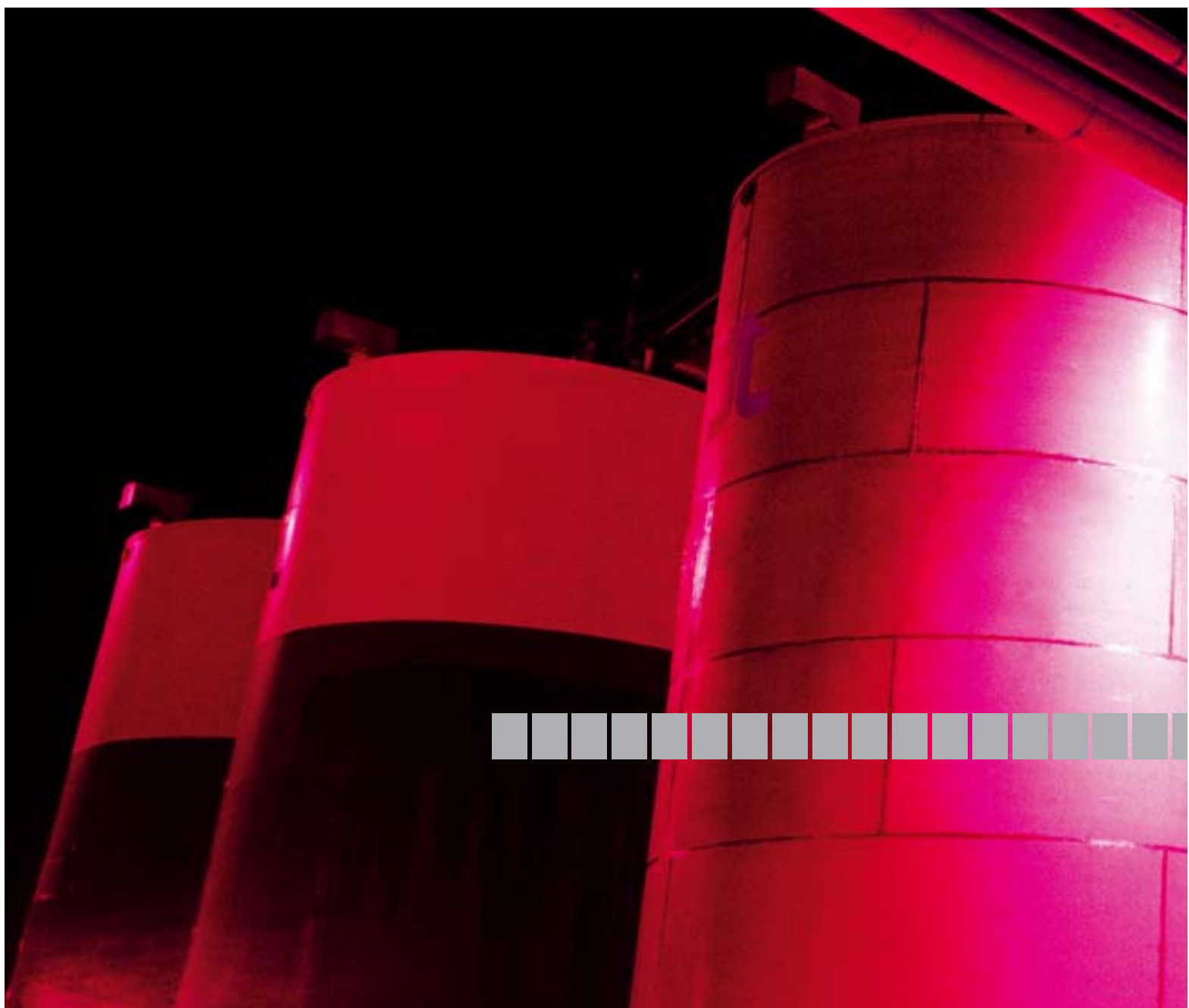




# Chemicals

Aspo Chemicals is the leading distributor of petrochemicals in Finland and its neighboring areas. Aspo Chemicals consists of the parent company Aspokem Ltd and its wholly owned subsidiaries in Estonia, Latvia, Lithuania and Russia. During 2004 Aspokem will also establish a company in Ukraine.

## New Growth from the East





Aspokem has three units: Industrial Chemicals, Plastics and Automotive Chemicals. The division's strength is specialized raw material know-how, acquired over many years, related to the raw materials required in its customers' processes.

In Industrial Chemicals our customers are businesses such as the coatings and paints, process, feed, chemical and pharmaceutical industries in Finland, Russia and the Baltic states. Our competitive advantage comprises the most versatile storage system in the sector, efficient logistics, a wide range of products and long-term partnerships with world's leading chemical suppliers. The unit's storage facilities are close to the customer and capable of delivering even specifically tailored special batches.

In Plastics customers include both electrical and electronics companies, as well as firms producing various consumer goods. We supply these customers with engineering and

volume plastics. Aspo Chemicals is the leading stock supplier on the market both in Finland and in the Baltic countries, while in Russia operations started a couple years ago. Our competitive strengths are the most comprehensive product range in the business and state-of-the-art logistical and technical support services in combination with tailored deliveries that feed material directly into the customer's production process.

Automotive Chemicals manufactures branded products produced from our own raw materials in Finland and in Estonia. These products are marketed in the Finnish and neighboring markets. The Zero and Polar brands are market leaders in anti-freeze fluids in Finland and in the Baltic countries.

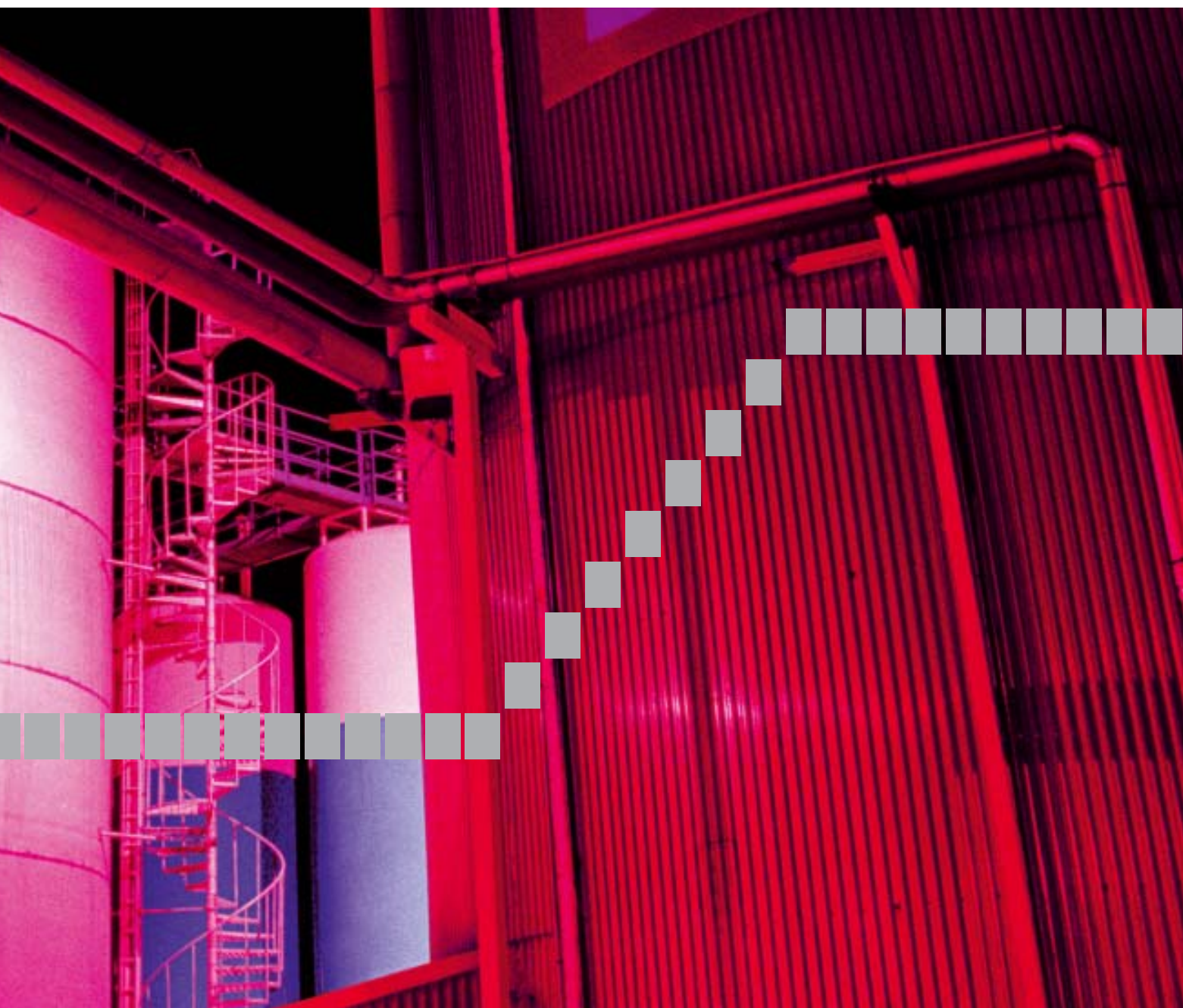
#### **Profitability and Future Prospects**

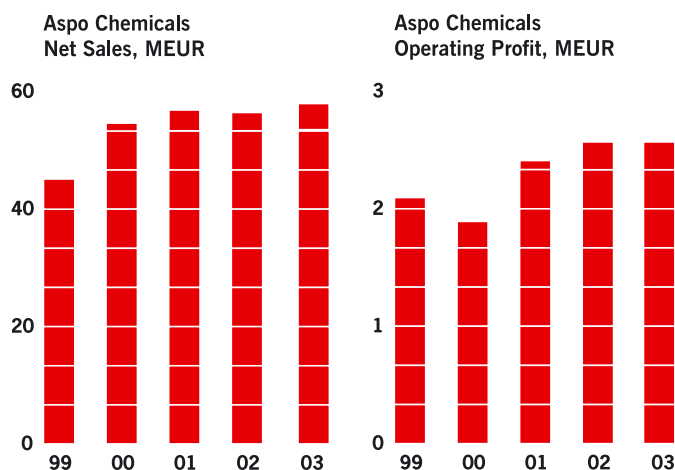
Aspo Chemicals' operating profit for 2003 totaled EUR 2.6 million (EUR 2.6 million). Net

sales totaled EUR 57.9 million (EUR 56.6 million). The total volumes increased by over five percent.

The factors that influenced both our earnings and future prospects are outlined below on a unit-by-unit basis.

In Industrial Chemicals (over 50% of net sales) the total demand, especially in the Finnish market, remained weak with volumes falling by four percent. Net sales declined to some extent as well, while the operating profit declined markedly. The prices of chemicals rose and fell several times during the year, with average prices one percent below 2002. In the Baltic countries logistical difficulties disturbed operations to some extent. These issues have been analyzed and corrective measures have been taken. In Russia the practice of so-called double invoicing increased markedly, resulting in reduced margins or even total stoppage of trade for legally operating companies, such as Aspo.





Key Figures	2003	2002	2001	2000	1999
Net Sales, MEUR	57.9	56.6	57.0	54.7	45.5
Operating Profit, MEUR	2.6	2.6	2.4	1.9	2.1
Average Personnel	82	76	67	61	60

In 2004 we expect prices to start gradually increasing. The market is expected to grow moderately in Finland, and briskly abroad. We expect net sales in 2004 to grow more than ten percent and the operating profit to improve slightly.

Despite weak market conditions, Plastics (less than 40% of net sales) had an almost 30 percent growth in total volume. The unit's market share increased clearly and profits were good. After several ups and downs in prices the average prices were over three percent below the 2002 level. The weak dollar contributed to the positive performance.

In 2004 our objective is to increase net sales by more than ten percent and to maintain earnings at least at the 2003 level. We intend to generate most of our growth outside Finland.

In Automotive Chemicals (less than 15% of net sales) the year was satisfactory, even if we failed to reach last year's earnings. A weak autumn pushed volumes down by one percent and net sales by over five percent. The operating profit decreased by more than 15 percent, because significantly higher raw material costs could not be totally transferred to sale prices under fierce competitive conditions in the fall season.

We believe net sales will rise ten percent in

2004 and operating profit will improve even more, due mainly to new opportunities in the Baltic countries, Russia and Ukraine.

#### Key earnings factors:

**Rapidly changing raw material prices stress the importance of timely purchases. About a fifth of purchasing is in dollars, so a weaker dollar bolsters earnings. Weather conditions have a maximum 25% impact on the earnings of the Automotive Chemicals unit. The optimal winter for the demand is mild and muddy.**



## Deliveries Day And Night

"Safety and punctuality are the cornerstones of Finnair's operations. An efficient de-icing procedure has a major impact on both. That's why Aspo is ready to deliver de-icing fluid to Finnair any time, day or night", says Chief Engineer Paavo Turtiainen, in charge of material procurement at Finnair.

De-icing is a strictly regulated operation. According to the regulations of the international air traffic authorities no ice, snow or frost is admissible on any surface of the aircraft upon takeoff. The chemicals, vehicles and methods are strictly specified and all sectors are constantly developed.

The importance of de-icing for safety cannot be over-emphasized. Ice accumulating on wings and horizontal stabilizers can damage the aerodynamic performance of the aircraft. At worst the lift of the wing can be affected or the aircraft can become uncontrollable. The logistics of pre-flight preparations has a direct impact on the carrier's economy. A one-minute delay costs the carrier an average of 150 euros.

"If the availability of de-icing fluid is disrupted, the aircraft are grounded. That's why guaranteed delivery is, in addition to stable quality and price, a key factor in the choice of a partner", says Turtiainen.

Aspo mixes its glycol-based de-icing product at its Rauma terminal. From there it is shipped to a variety Finnish airports. Aspo guarantees 24-hour delivery within eight hours from the order to Helsinki-Vantaa airport. For other airports the maximum delivery time is 48 hours.

"We want to keep our inventories to a minimum. That's why we must have complete faith in Aspo's 24/7 delivery logistics."

The quality control for the de-icing fluid is strict. Finnair checks for instance the pH values and the viscosity of every batch delivered to the airport.

De-icing takes from several minutes up to half an hour, depending on weather conditions and the type of aircraft. A couple of degrees below zero and icy rain are some of the worst weather conditions. Defrosting takes about 100 liters of fluid, while a more thorough protection of a large passenger aircraft may require up to 2,000 liters of de-icing fluid. During the winter of 2002-03 Finnair performed a total of over 14,000 de-icing operations at the Helsinki-Vantaa airport.

"The aircraft's exposure to icy conditions must not exceed the protection time defined by weather conditions and the applied fluid. In bad weather the aircraft must take off within 20 minutes of de-icing. Otherwise the treatment must be repeated."

"We continuously develop our de-icing know-how. That is why it is important to us that also our partner has the resources and the commitment to come up with new technical standards for chemicals. The information exchange between Aspo, the raw material producers and us is open and continuous. We carry out flight tests and measure the characteristics of different alternative fluids", Turtiainen says.

The cooperation between Finnair and Aspo started in 1998.



“We want to keep our inventories to a minimum. That’s why we must have complete faith in Aspo’s 24/7 delivery logistics.”

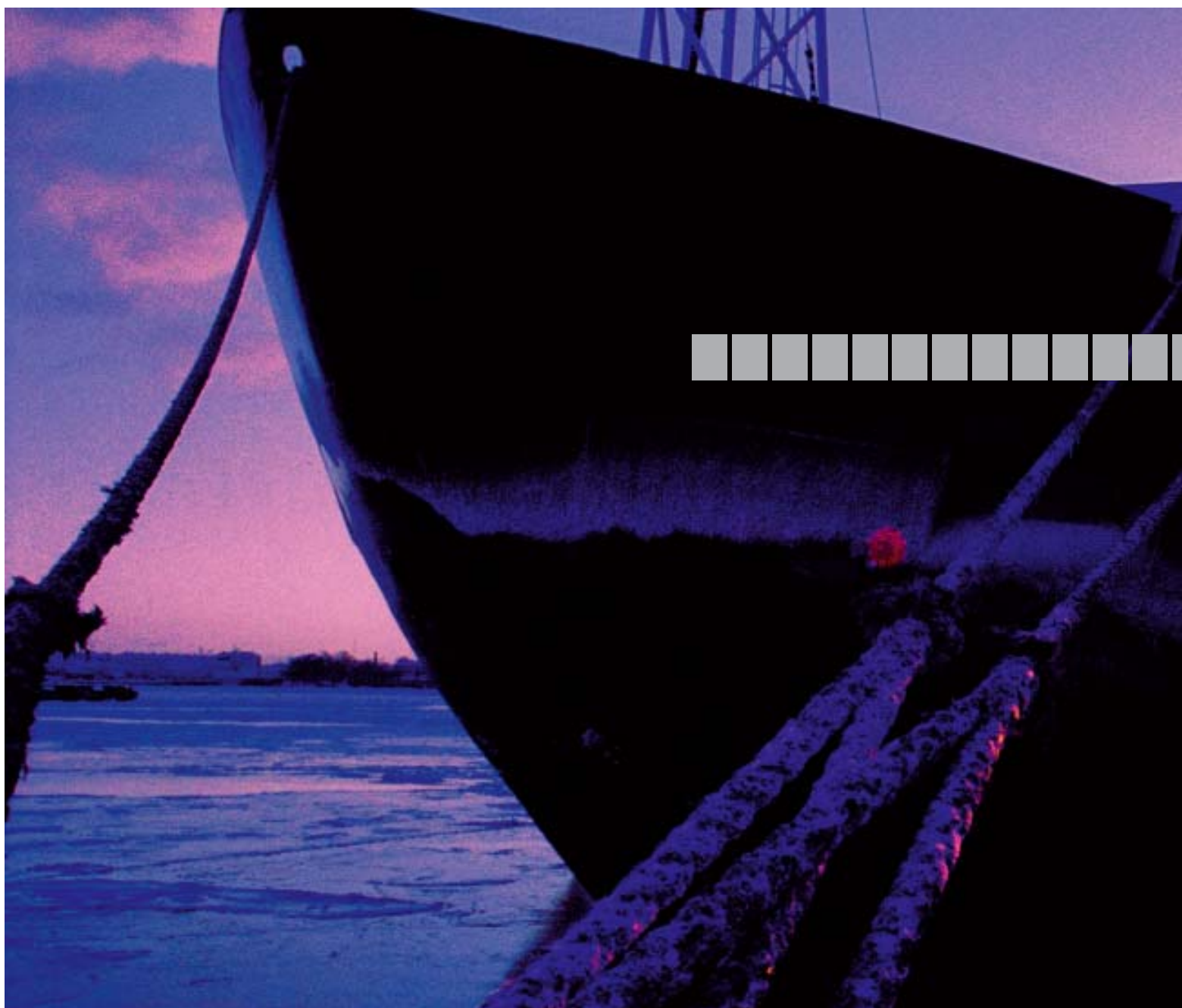
Paavo Turtiainen  
Chief Engineer, Finnair



# Shipping

Aspo's ESL Shipping is the leading dry bulk sea transport company operating in the Baltic Sea area. It serves energy producers as well as the steel and chemical industries, for which the company's ships carry dry raw materials. Because of the importance of raw material transport, Aspo Shipping plays a crucial role in the customers' logistics chain.

## Sea Transport Takes a Stronger Position





Aspo Shipping's competitive advantage derives from its self-discharging vessels designed specifically to operate in demanding Baltic conditions. The ice-strengthened and shallow draft ships are able to safely enter even the narrowest and shallowest ports fully loaded. All of our vessels are also equipped with forward bow thrusters and on-deck cranes. This reduces the ship's dependence on port handling services. In addition, our vessels can also load and unload rapidly at sea.

Aspo Shipping's strength lies in flexible and high-precision service made possible by a modern and optimally sized fleet comprising vessels of different sizes. All of our vessels sail under the Finnish flag and our crews are Finnish.

#### **Profitability**

Aspo Shipping's operating profit for 2003 totaled EUR 10.1 million (EUR 7.4 million) on freight

volumes of 9.5 million tons (7.4 million tons). In addition, the ships conducted cargo transfers of about 0.2 million tons and chartered ships transported about 0.3 million tons. Net sales totaled EUR 51.5 million (EUR 43.1 million).

The strong performance was due in particular to consistently strong demand for coal transports. Hedging covered half of the drop in dollar value. In the beginning of the year severe ice conditions and the resulting technical problems had a negative impact on sales.

#### **Business Conditions**

The severe winter and the low water reserves significantly increased the demand for energy coal transports. Ice conditions in the winter were clearly worse than average, which hampered traffic in the Gulf of Finland and partly also in Baltic ports. Heavy demand drove the share of coal in the company's 2003 shipments up to 71.1% (60.0%). The share of

limestone rose to 11.5% (10.8%), and fertilizers rose as well. The share of iron ore pellets dropped to 11.5% (16.9%). Company ships sailed mainly in the Baltic Sea lanes. Freight rates in the Baltic Sea increased along with the general cargo development, although clearly more moderately than ocean freights.

Capacity utilization was high in 2003, even though a shortage of cargo in ports and ice conditions affected our operations. Among company's ships the ms Arkadia was dry-docked in February-March, the ms Pasila in July and the ms Tali in August. In addition collision damages to the ms Kontula were repaired in February; during the spring and summer damages to one of the push barges caused by ice were repaired.

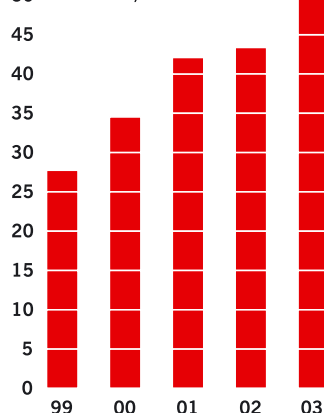
#### **Future Prospects**

In 2003 Aspo Shipping signed a contract on Rautaruukki's raw material sea transports. The 7-year contract, which took effect from the be-

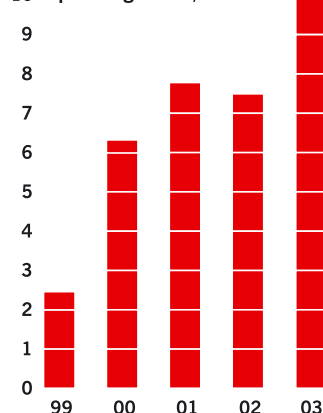




Aspo Shipping  
Net Sales, MEUR



Aspo Shipping  
Operating Profit, MEUR



Aspo Shipping's Share in Group Net Sales



Aspo Shipping's Share in Group Personnel



#### Key Figures

	2003	2002	2001	2000	1999
Net Sales, MEUR	51.5	43.1	41.7	34.8	27.5
Operating Profit, MEUR	10.1	7.4	7.8	6.3	2.4
Average Personnel	215	192	180	160	152

ginning of the year, will increase Shipping's net sales by about EUR 20 million. The total annual volume of the company's transports will grow by about 5 to 6 million tons.

The demand for energy coal will remain high also in 2004. However, new steel industry transports will balance the transport demand already this year. This balance is particularly important at the low point of coal transports.

Raw material shipping in the Baltic Sea will

remain stable and continue to generate moderate growth. The general trend in shipping and the demand for coal transports will strengthen the freight market, especially in the Baltic Sea area, and correspondingly support Aspo Shipping's market position.

We expect net sales to grow in 2004 by about 45 percent and the operating profit should rise by about a fifth. We have also hedged our exposure to the dollar.

#### Key earnings factors:

**A stronger dollar will improve profits. A ten percent increase will improve net sales by about six percent and profits by about four percent. The Baltic Sea is a stable market area: raw material demand is stable and customer relations long-term. Cold and dry years will boost coal demand.**



## Raw Materials Directly Into Production

"Sea transport plays a crucial role in the Rautaruukki value chain. Its mills are completely dependent on seamless material flow. That is why reliable and cost-effective transports are pivotal for us", says Reijo Ojala, CEO, JIT-Trans Ltd.

The new 7-year contract makes Aspo Shipping responsible for Rautaruukki's raw material sea transport, with 5 to 6 million tons in annual shipments. Rautaruukki's fleet of push barges was transferred to Aspo Shipping as part of the agreement.

The logistics company JIT-Trans, part of the Rautaruukki Group, organizes the transport requirements of Rautaruukki's production and customer divisions. The company feeds raw materials directly into the starting point of the production process. The shipments totaled approximately 12.5 million tons in 2003, with sea transports representing about 8.5 million tons of the total.

"It is not expedient for a steel mill to operate as a shipping company. In contrast, the operation of a fleet, planning of future investments and other marine-related activities is precisely the Aspo Shipping's core competence", says Ojala.

"Our raw material shipping volumes are really extensive. Of particular importance to us is their cost-effectiveness and reliability. That

is why Aspo Shipping's competence, experience and reliability are the cornerstones of our cooperation."

"Rautaruukki's partners must also have sufficient scale. Capricious weather conditions can rapidly change shipping plans. That's why the carrier must have enough capacity to handle unexpected situations. From that point of view we see Aspo Shipping as an equal partner", says Ojala.

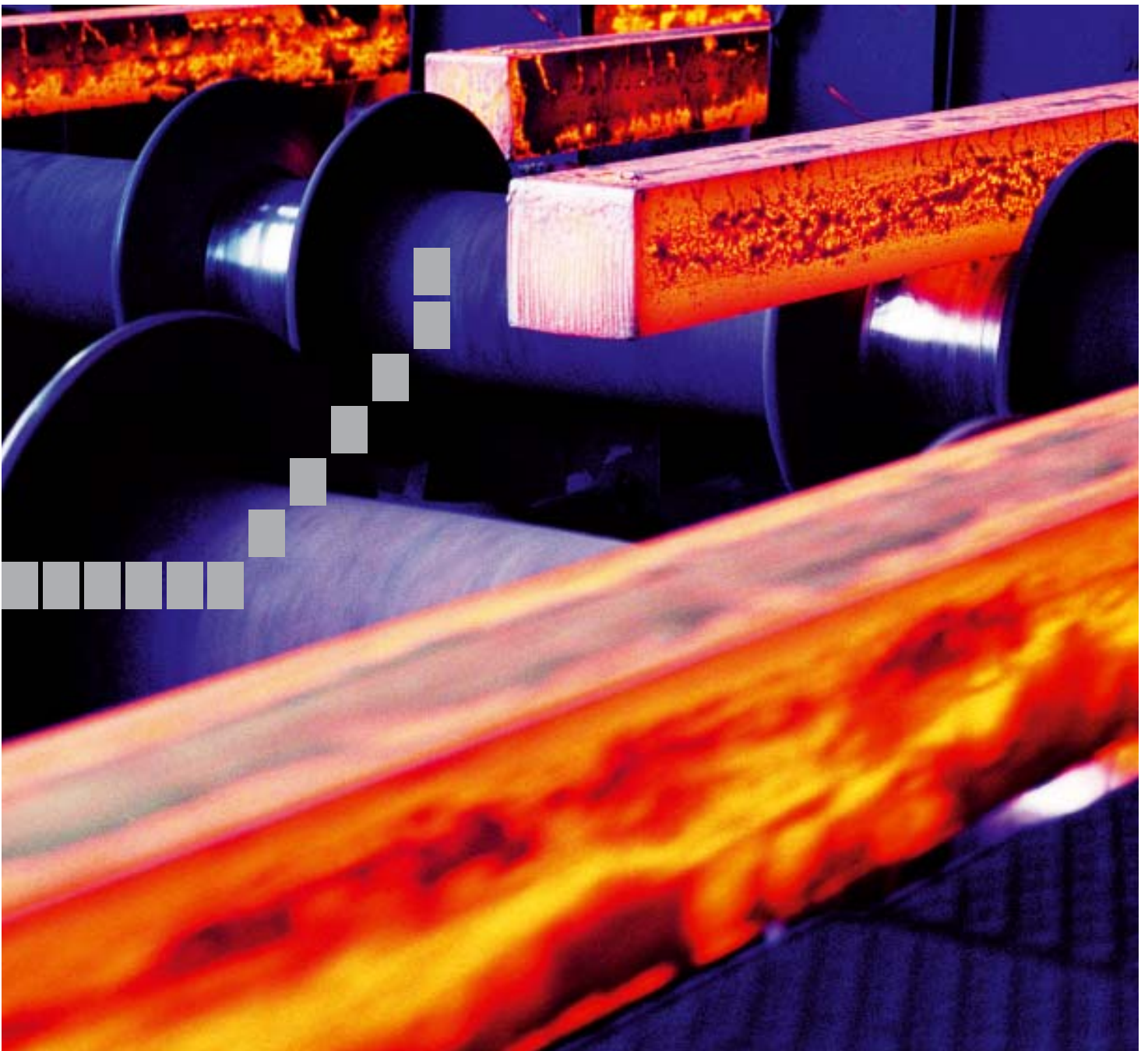
Aspo Shipping has handled Rautaruukki Fundia's raw material transports to Koverhar for years. In addition, Aspo ships have carried cargoes to the company's Raahe mills. This long-standing partnership was a good starting point for its significant extension.

Aspo ships carry Rautaruukki iron ore, pellets, limestone and coal for making coke. Raw material buffer stocks for steel production cover an average of 2 to 3 weeks. However, during cold winters stocks have temporarily decreased.

"We are constantly improving our inventory turnover. Our objective for the near future is to be able to manage while reducing inventories by tens of thousands of tons per annum. With sea transports some of the raw materials can be fed directly into our production, without separate storage. This will require even more punctual and reliable shipments", says Ojala.

“We are constantly improving our inventory turnover. With sea transports some of the raw materials can be fed directly into our production, without separate storage.”

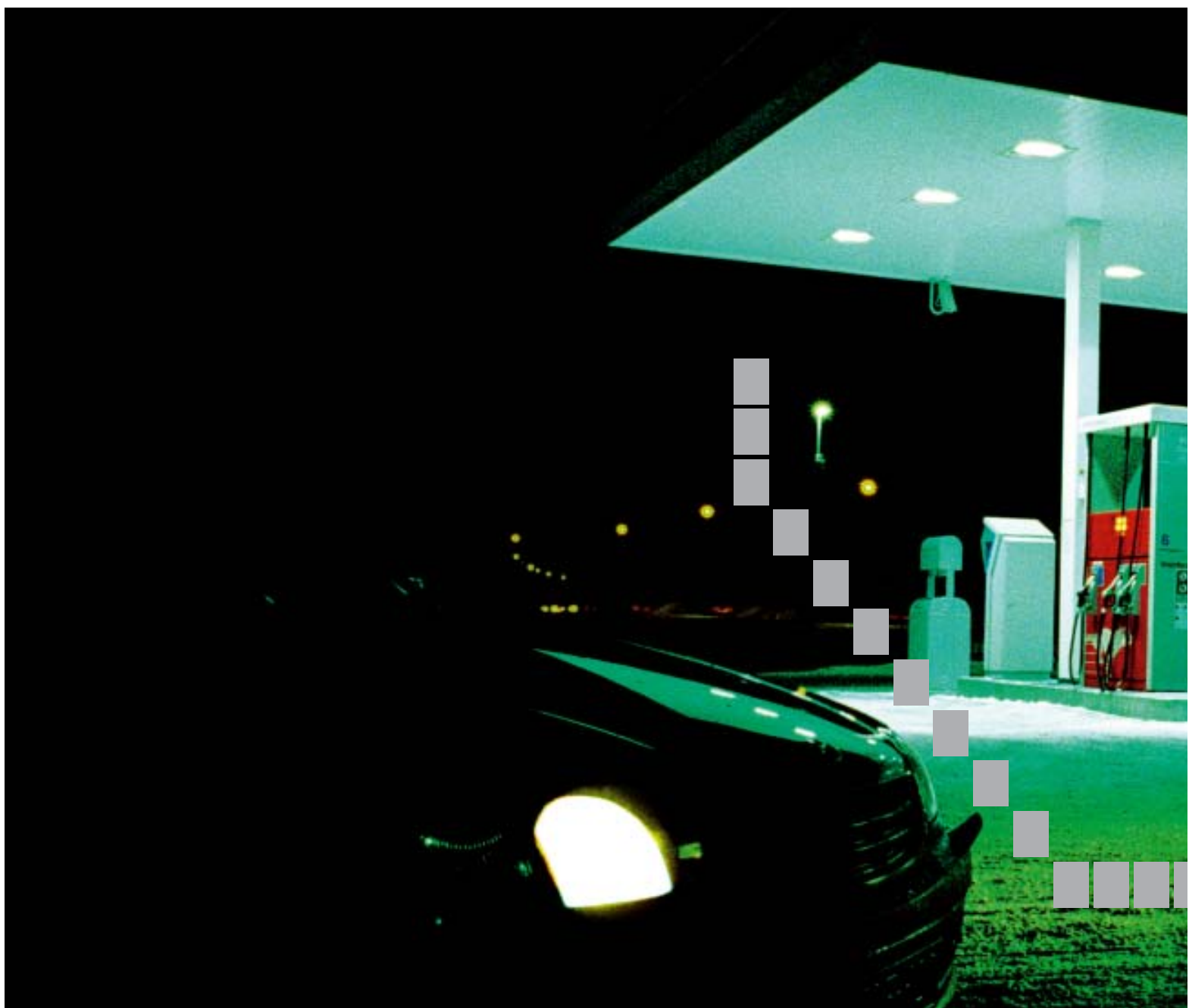
Reijo Ojala  
CEO, JIT-Trans Ltd



# Systems

Aspo Systems consists of Autotank Ltd with subsidiaries in the Nordic countries, the Baltic states and Poland. In Russia it cooperates with two other Finnish companies in the business. Autotank's customers are domestic and international service station chains. System maintenance services provide more than half of Autotank's net sales.

## Toward Online Service Stations





Our product range comprises outdoor payment terminals, site controllers, point of sale systems, dispensers, wet stock management systems, as well as a comprehensive range of installation and maintenance services. We provide our customers with added value by delivering highly automated, eco-sensitive systems.

In April 2003 the management of Autotank was changed with Peter Hutton taking over as Managing Director. Sales and maintenance are divided between two market areas: East and West. The Payment Solutions unit focuses on payment systems with a payment terminal that verifies transactions online as its core component. The Dispensers unit concentrates on fuel dispensing solutions.

#### **Profitability**

In 2003 Autotank generated an operating loss of EUR 1.4 million (+EUR 0.6 million). Comparable net sales totaled EUR 35.8 mil-

lion (EUR 36.2 million); in 2002 the net sales (EUR 39.2 million) of the whole Systems Division included some revenues from Navintra, which was subsequently divested. The poor performance resulted from weak market conditions and the non-recurring costs related to the enhancement of the company's operational efficiency.

Dispenser sales fell short of their targets and revenues were very modest, especially at the beginning of the year. The company discontinued its dispenser production in Tampere except for special models. The production was outsourced to a subcontractor that also produces products for Autotank's Swedish unit. The measure generated non-recurring costs, but now the company's products have the same structure and components in all countries.

Payment systems revenues fell short of their target as well. Earnings were affected by confusion related to chip card reform, which

has postponed oil company equipment investments. However, Autotank's market share remained high.

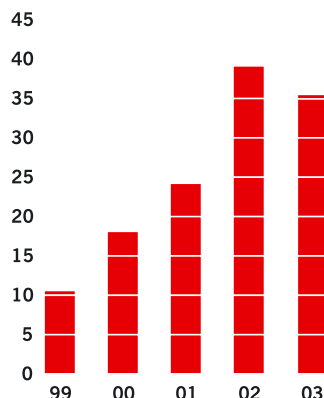
Maintenance service earnings declined in Sweden as planned installation projects fell through. The most significant service contract was renewed at a lower volume but better profitability than earlier. In Finland the write-downs on material management and the adoption of provisions for warranty costs had a negative impact on earnings.

#### **Business Environment**

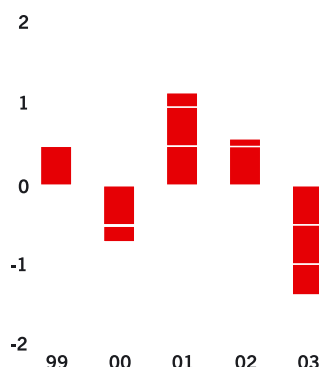
In 2003 markets declined and it proved difficult for Autotank to land orders. In Sweden investments were frozen before the euro referendum and particularly installation and service activity fell below our expectations. In the West market area investments were also frozen by speculation revolving around the sale of the distribution networks of two oil companies.



Aspo Systems  
Net Sales, MEUR



Aspo Systems  
Operating Profit, MEUR



Aspo Systems' Share in Group Net Sales



Aspo Systems' Share in Group Personnel



Key Figures	2003	2002	2001	2000	1999
Net Sales, MEUR	35.8	39.2	24.4	18.0	10.5
Operating Profit, MEUR	-1.4	0.6	1.2	-0.7	0.5
Average Personnel	233	249	157	144	137

In the East market area most of the investments were environmentally related. In the fall markets picked up slightly and Autotank deliveries included equipment for dozens of Shell Express stations. Russian markets were hampered by the country's unstable conditions. In the Baltic states and Poland growth was strong. In 2003 these markets represented about five percent of Autotank's net sales.

#### Future Prospects

During 2003 several projects were executed to improve Autotank's profitability. Company personnel was reduced by about ten percent. We enhanced our material management efficien-

cy. We have updated warranty reserves and cut administration costs. These measures will make Autotank more cost-effective in 2004.

We don't see yet any significant growth in equipment investments, even if the new chain of stations emerging in Sweden offers some opportunities. Deliveries related to one of the key deals in 2003 (payment automation for Statoil's car wash machines) will begin in the second half of 2004. Once the ownership of the oil company distribution networks becomes clear, investments can be expected to start up gradually. In 2004 Autotank will introduce equipment based on the EMV chip card standard, which we expect to be increasingly in demand.

We estimate Autotank's net sales to hold at the same level in 2004 and we expect earnings to improve significantly thanks to more efficient operations.

#### Key earnings factors:

**There will be weaker demand for equipment in the first couple of quarters. The second half of the year generates significantly more revenue. Stable cash flow from maintenance services will help to even out fluctuations in equipment sales. The appreciation of the euro will have some negative impact on earnings. However, the overall impact of currency fluctuations is diminishing.**



## It's All About Trust

"We are extending the partnership between ABC and Autotank to preventive maintenance. That's where deep trust is needed, if anywhere", says Heikki Strandén, Director of ABC-chain.

The S Group began to dynamically develop its service station business at the beginning of the 1990s. The Group entered the market with a new concept, selecting Autotank as its partner for equipment and systems. Since then the relationship has intensified along with the extension of the Group's chain of service stations. According to Strandén it is important that the equipment supplier be progressive, but the bottom line is trust.

"Contracts are signed by people. Trust is about human relationships and manifests itself in the management of everyday business. We know each other well and our cooperation has proven successful. This in turn has created a strong foundation for further progress."

Autotank was taken over by Aspo at the beginning of 2002. The change of ownership has not had any visible effect at the grass roots level, says Strandén. Business has continued as before.

In 1998 the S Group started building its own ABC brand for its service stations. The ABC chain has two business ideas: it builds full service roadside stations along heavily trafficked main arteries, while in population centers it runs automated stations in connection with supermarkets.

"At the beginning of the '90s the service station world was considered sort of greasy and incompatible with grocery sales. How-

ever, we built two pilot stations that were a huge success."

At the moment there are over 40 ABC roadside shops and over 130 automated stations. "People move mainly between work, home and the store. That's why it is natural to build the automated stations next to supermarkets. Elsewhere in Europe this has already been done for a long time."

The payment terminals and other dispensing equipment dominate ABC's investments. The area with the most dynamic cooperation at the moment has to do with outsourcing maintenance activities.

"Our objective is to have Autotank take care of our equipment continuously and preventatively, so that problems don't even arise."

The ABC chain keeps a close eye on the development of payment methods. Switching to the EMV microchip card standard is only a matter of time and the development of mobile payment is under scrutiny. The chain has already experimented mobile phone-based payment, for instance for car wash purchases.

"S customer-owners are a critical target group for us. In the future the dispenser can be equipped with sensors that identify the customer-owner and provide him with the right to fuel. The motorist doesn't have to pay on the spot, but the transaction will appear directly in the statement. What is essential is that the new technologies be very easy and secure for our consumers. This is the only way to guarantee that they will be adopted", says Strandén.



“Our objective is to have Autotank take care of our equipment continuously and preventatively, so that problems don’t even arise.”

Heikki Strandén  
Director, ABC-chain



## At 75 Aspo Celebrates both Change & Continuity

In 2004 Aspo will celebrate its 75th anniversary. During its history Aspo has evolved successfully many times and expanded into many new business areas. What has made this possible is the willingness of the company to seize the opportunities offered by a changing business environment.

Aspo's roots reach back to October 15th, 1929, with the establishment of the Finnish Housing Association Polttoaine Osuuskunta. In the beginning it imported coal used by housing associations in their central heating systems.

The genesis of Aspo illustrates the company's ability to seize new opportunities created by changes in the environment. In the 1920s Helsinki was growing and developing: modern central heating systems were gaining ground at the same rate as wooden houses were replaced by apartment blocks.

At the same time the use of coke increased exponentially. The farsighted founders of the cooperative, who were active in the real estate sector, took advantage of this change. The first shipment of English Consett coke landed in the Jätkäsaari port of Helsinki in April 1930.

Gradually the operations were expanded into the transport and shipping business. The company's first ship, the 2000-ton s.s. Arka-





dia was purchased in 1949. The shipping subsidiary of the cooperative, Etelä-Suomen Laiva, grew and achieved increasingly larger contracts. Its long-term customer relations, built on the strong confidence that is quite characteristic of Aspo, were strongly present in the company's shipping operations. In 1974 the company signed a record ten-year transport contract for coal shipments to the Imatran Voima power company.

When oil heating started gaining ground, the company started its own fuel oil division. The blue-white trucks became a ubiquitous feature of Helsinki's urban landscape in the 1960s and '70s.

#### **Toward Diversification**

By the beginning of the 1970s Aspo was a full-fledged conglomerate operating in many different sectors. The company's 50-year review included an expression, then popular among Aspo people:

"Something new is always on the way".

Aspo's metal group started from the G.H.H. hardware and machinery unit acquired in the 1950s. When the Finnish steel industry started growing, Aspo's metal group set up an extensive steel service center. The wholesale steel business was sold to Rautaruukki in the last years of the 1990s.

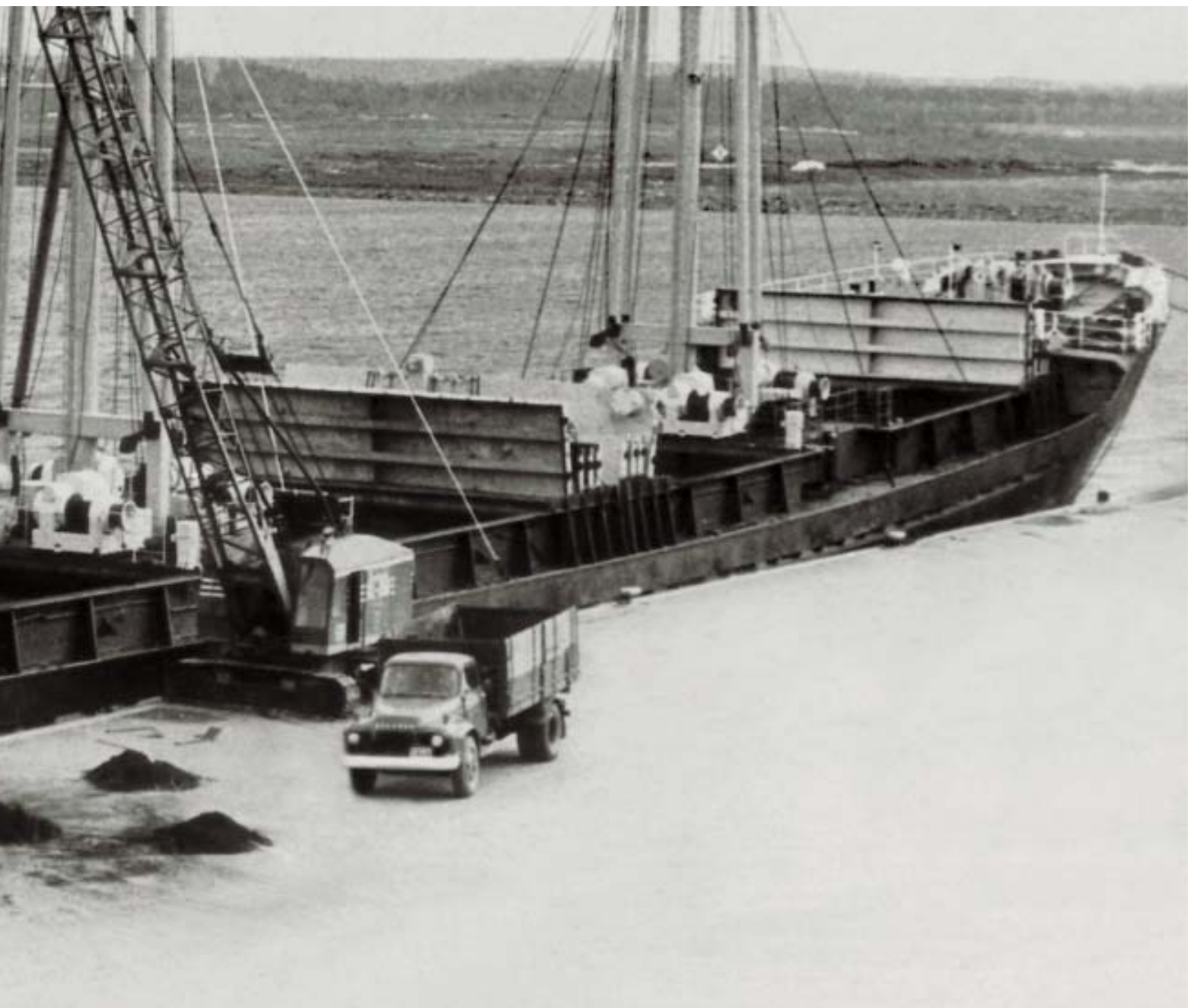
New opportunities led to acquisitions in keeping with the industrial philosophy of that era. The lubricating oil unit was created through acquisitions and its operations extended over time into automotive and industrial chemicals. The first substantial storage facility for chemicals was established in Rauma in 1977.

Aspo entered the electronics sector in 1972. The company used funds generated in the previous year to acquire a small electronics company and vigorously develop its operations.

Expansion and diversification has always been a means of enhancing the company's value. In addition to mergers and acquisitions Aspo has actively considered also other means of safeguarding shareholder interests. A good example is Finland's first split of a listed company. In October 1999 the company was split into two independent listed companies, with the Aspo Group focusing on logistical services for industry, and Aspocomp concentrating on electronics.

Since the split Aspo has systematically strengthened each of its three core sectors. The Autotank acquisition by Systems and the outsourcing of Rautaruukki's sea transports to Shipping are good examples of this.

In some respects, little has really changed. Just as Aspo said in its 50th anniversary business review: "We must seek out business opportunities, the smallest of niches. The world is a work in progress".



## A Good Environmental Reputation Enhances Company Value

The Aspo Group's vision is to enhance our company's long-term value and expertise. The continuous development of our operations is an essential part of our environmental policy. We aim at anticipating and avoiding environmentally harmful activities through the assessment of the environmental impact of various projects, product life cycle analyses and risk evaluations.





We seek to manage critical environmental issues beyond the minimum requirements of statutes and regulations. The voluntary soil study conducted at our Rauma terminal is an example of Aspo's proactive environmental policy.

#### **Aspo Chemicals**

For Aspo Chemicals' partners a solid environmental reputation is a basic operational prerequisite. Some of these partners are not content with certification, but want to directly audit the quality and environmental systems of their distributors.

For Aspo Chemicals the objective at every level of its activities is a perfect environmental, safety and sanitary record – and that record has held for the last eight years.

Aspo Chemicals participates in the Responsible Care program in its version focusing on the chemical trade. The program involves commitment to continuous voluntary

improvement in environmental, health and safety matters. Aspo Chemicals also has a quality certificate corresponding to the ISO 9001 standard.

#### **Aspo Shipping**

Aspo Shipping's operations are certified in compliance with the ISM safety management code of the international maritime organization, IMO. The ISM code is a set of rules covering the safe operation of vessels and prevention of environmental damage. The certification includes annual audits. Every vessel is also certified under the ISM code.

Aspo also enhances vessel safety by using good equipment and employing highly trained personnel. All our vessels are ice-strengthened and our experienced crews are intimately familiar with the Baltic ports, shipping lanes and conditions. All vessels sail under the Finnish flag, with Finnish crews.

#### **Aspo Systems**

For Aspo Systems concern for the environment is a pivotal value that guides our product development and the planning of maintenance services. For big international oil companies, service station safety is an important factor in building a strong company image. This places stringent demands on the equipment and systems of service stations. Consequently, the latest technology is used in every piece of equipment produced.

Aspo Systems has the skills to assume the responsibility for critical service station technologies throughout the station lifecycle. This comprehensive service includes products that employ environmentally friendly technologies, remote diagnostics that rapidly report technical malfunctions and preventive maintenance services.





# Report of the Board of Directors

## Review Of Operations

Asia remained the focus point of global growth during 2003 and growth in Europe was modest. Favorable conditions in Asia strengthened the shipping sector on a global scale, which also had a positive impact on Aspo's operations in the Baltic Sea area.

The Aspo Group's organic growth continued to exceed Finland's overall economic growth and net sales rose to EUR 145 million. We were able to improve the profitability of operations, even though general market conditions remained relatively poor.

During the fiscal period the Aspo Shipping Division landed far-reaching new projects. A long-term transport partnership agreement was signed with the Rautaruukki Group and the joint venture started with a Swedish shipping company ordered a new ship.

### Aspo Chemicals

For chemicals and plastics market conditions were similar to last year. Heavy price fluctuations reflected different expectations concerning the development of general market conditions. The price increases sought by producers were for the most part unsuccessful. The Aspo Chemicals Division was able to keep its profitability on a satisfactory level and net sales increased somewhat. Delivered volumes increased markedly, despite a general decline in markets.

### Aspo Shipping

For the Shipping Division it was a watershed year. Severe ice conditions and the docking program of older vessels taxed earnings in the beginning of the year, but later shipping volumes and earnings took off. Even in international markets we experienced a clear improvement. The contract signed with Rautaruukki led to investments of about EUR 23 million, as the required assets were transferred to Aspo under the terms of the agreement. Towards the end of the year ship prices began to rise significantly. However, Aspo was able to order a new ship from China at a competitive price and favorable delivery terms in cooperation with a Swedish shipping company.

## Aspo Systems

In the Systems Division we concentrated heavily on turning operations around despite very difficult market conditions. In addition to changes made in the company management, an earnings enhancement program was initiated with the objective of generating EUR 1.5 million in cost reductions by the end of 2004. A substantial part of the 2003 losses consisted of non-recurring expenses. Customer investments in the service station sector were minimal throughout the year. In the service and maintenance sector the market situation was almost normal notwithstanding the cold snap of the early winter. The Division's comparable operating profit decreased from the previous year.

## Net Sales

The Group's net sales increased EUR 6.3 million (4.5%) to EUR 145.2 million. The Group's direct exports and non-domestic subsidiary sales totaled EUR 40.1 million (EUR 42.7 million).

The Chemicals Division's net sales increased slightly and totaled EUR 57.9 million (EUR 56.6 million). Shipping Division net sales increased by 19.5% to EUR 51.5 million (EUR 43.1 million). The Systems Division's comparable net sales were EUR 35.8 million (EUR 39.2 million); the net sales of the Systems Division in 2002 (EUR 39.2 million) include some sales of the divested Navintra.

### Net Sales By Division

	2003 MEUR	2002 MEUR	Change MEUR	Change %
<b>Chemicals</b>				
Aspokem Ltd	46.2	47.4	-1.2	
Aspokem Eesti AS	4.7	5.0	-0.3	
Aspokem Latvia SIA	4.8	3.3	1.5	
UAB Aspokemlit	3.3	3.0	0.3	
OOO Aspokem	4.5	3.2	1.3	
Internal sales	-5.6	-5.3	-0.3	
<b>Total</b>	<b>57.9</b>	<b>56.6</b>	<b>1.3</b>	<b>2.3</b>
<b>Shipping</b>				
ESL Shipping Oy	46.8	41.4	5.4	
Paratug Ltd Oy	4.7	1.7	3.0	
<b>Total</b>	<b>51.5</b>	<b>43.1</b>	<b>8.4</b>	<b>19.5</b>
<b>Systems</b>				
Autotank Ltd	14.9	15.0	-0.1	
Autotank AB	11.7	12.3	-0.6	
Autotank Service AB	6.9	6.4	0.5	
Autotank As	4.7	3.6	1.1	
Autotank Oü	0.7	0.6	0.1	
SIA Autotank	0.3	0.3		
UAB Autotank	0.1	0.1		
Aspo Systems Česká s.r.o.		0.1	-0.1	
Autotank Sp. zo.o	0.3		0.3	
Suhi-Suomalainen Hiili Oy *		2.7	-2.7	
Internal sales	-3.8	-1.9	-1.9	
<b>Total</b>	<b>35.8</b>	<b>39.2</b>	<b>-3.4</b>	<b>-8.7</b>
* Former Navintra Ltd (5 months in 2002)				
<b>Total Net Sales</b>	<b>145.2</b>	<b>138.9</b>	<b>6.3</b>	<b>4.5</b>

## Earnings

The Group's operating profit was EUR 13.6 million (EUR 9.0 million), including non-recurring capital gains totaling about EUR 4.5 million.

The operating profit of the Chemicals Division remained on last year's level, totaling EUR 2.6 million. The Shipping Division's operating profit rose by EUR 2.7 million to EUR 10.1 million. The Systems Division generated an operating loss of EUR 1.4 million (+EUR 0.6 million).

The Group's depreciation expenses rose EUR 0.3 million to EUR 7.7 million. Depreciation expenses totaled EUR 0.5 million in the Chemicals Division, EUR 5.4 million in the Shipping Division and EUR 0.7 million in the Systems Division.

The Group's net financial expenses were 0.7% of net sales or EUR 1.0 million (EUR 1.0 million).

The Group's profit before extraordinary items and taxes totaled EUR 12.5 million (EUR 8.0 million). Funds related to the Helsinki Administrative Court order to pay back-taxes from the company's adjusted 1994 taxation totaling EUR 7.7 million with interest have been recorded under extraordinary expenses.

The Group's pre-tax profit was EUR 4.8 million (EUR 15.6 million). Direct taxes and net nominal tax liabilities totaled EUR 3.7 million (EUR 2.5 million).

## Investments And Finance

The Group's investments totaled EUR 24.6 million (EUR 7.4 million) during the fiscal year. The largest single investment was the acquisition of shipping assets of the Rautaruukki Group company, JIT-Trans Ltd, for a total of EUR 23 million.

The Group's liquidity was good throughout the fiscal year. Liquid assets totaled EUR 17.6 million (EUR 14.6 million) at the yearend. There was a total of EUR 30.1 million in liabilities on the Group balance sheet (EUR 20.5 million) as of the yearend. Interest-free liabilities totaled EUR 29.3 million (EUR 20.5 million).

The Group's equity ratio adjusted for nominal tax liabilities was 44.8% (55.0%).

## Risk Management

The risk management policy approved by Aspo's Board defines the main principles for the management of the Group's financial risks. The central task of our risk management is to identify, monitor and manage the Aspo Group's financial risks and thereby protect operational margins and cash flow. Another key objective is to make future cash flows more predictable and thereby give operations time to adjust to changes in the business environment. The policy is applied in all of the Group's companies.

The hedging of interest rate risk is done on a case-by-case basis.

## Equity

The total share capital of Aspo Plc as of December 31, 2003, was EUR 17,101,442 on 8,550,721 shares outstanding, each of which has a book value of EUR 2.

The Annual Shareholders' Meeting autho-

rized the Board to decide on an increase in share capital in one or more lots through new share issues and/or convertible bond and/or stock option issues in such a way that the share capital can be increased by up to EUR 3,420,000 through the subscription of new shares, convertible bonds and stock options. The authorization empowers the Board to deviate from the shareholders' subscription privileges.

In addition, the Board has been authorized to decide on the purchase or disposal of the company's own shares in deviation from the shareholders' privileges. The shares will be acquired through public trading on the Helsinki Stock Exchange at the market price prevailing at the time of the purchase. The maximum number of shares to be repurchased is 427,536. The authorization of disposals concerns the same amount of shares.

As of February 11, 2004 the Board had not exercised these authorizations, which remain valid until April 10, 2004.

Aspo Plc shares are traded on the main list of the Helsinki Stock Exchange under the trading code ASU1V. The standard batch is 50 shares. The company's shares have been running on the Finnish book-entry system since October 1, 1999.

During the fiscal period under review a total of 1,531,107 Aspo Plc shares with a value of EUR 15.4 million changed hands on the Helsinki Stock Exchange. Aspo Plc shares reached a high of EUR 14.00 for the period under review and a low of EUR 8.60. The average price was EUR 10.05 and the yearend closing price was EUR 13.01. The market value of the share capital was EUR 111.2 million as of the end of the fiscal period.

## Taxation

Aspo has appealed the verdict of the Administrative Court of Helsinki concerning its 1994 tax return to the Supreme Administrative Court. The remittance ordered by the lower court has not yet been paid.

The controversy involves taxation-related asset valuation and merger compensation pertaining to the restructuring of the Group.

## Personnel

The Group's personnel totaled 536 (538) at the yearend and averaged 538 (525) during the period. The Group employed an average of 268 office personnel and a total of 270 non-office workers during the fiscal year.

A total of 8 (8) persons were employed by the parent company at the yearend. They were all office personnel. The average figure for the year was 8 (8).

## Research And Development

The Group's R&D activity is organized according to the nature of each Division. In the Chemicals and Shipping Divisions R&D activity is focused mainly on the development of operations, methods and product technology without a separate organization, for which reason these development investments are recorded without specification under normal business expenses.

The Autotank Group, from which the Systems Division is comprised, invests heavily in R&D focusing on the development of new payment solutions. A total of 30 persons have participated in Finland and Sweden in the product development. The investments totaled about EUR 1.3 million representing 3.7% of the net sales of the Autotank Group.

### Average Personnel by Division

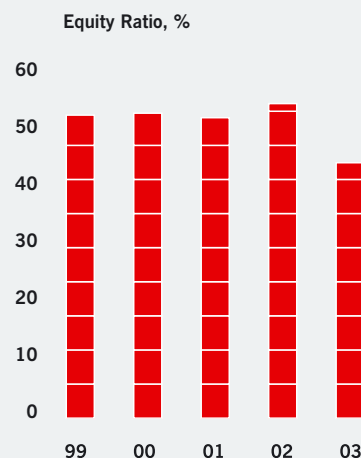
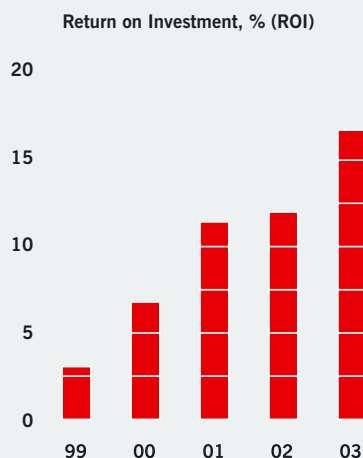
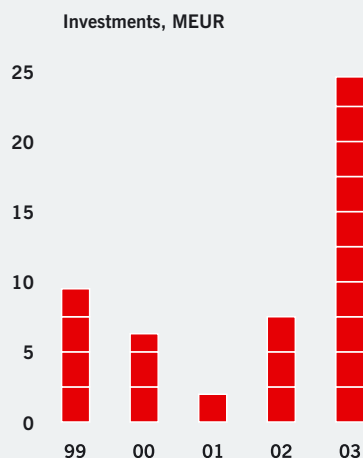
	2003	2002
<b>Chemicals</b>		
Office personnel	73	63
Non-office workers	9	13
	82	76
<b>Shipping</b>		
Office personnel	21	16
Crew members	194	176
	215	192
<b>Systems</b>		
Office personnel	166	170
Crew members	67	79
	233	249
<b>Group Management</b>	8	8
<b>Total</b>	538	525

### Operating Profit by Division

	2003 MEUR	2002 MEUR	Change MEUR	Change %
Chemicals	2.6	2.6		
Shipping	10.1	7.4	2.7	36.5
Systems	-1.4	0.6	-2.0	-333.3
Other operations	2.3	-1.6	3.9	243.8
<b>Total</b>	13.6	9.0	4.6	51.1

### Investments by Division

	2003 MEUR	2002 MEUR
Chemicals	0.5	0.1
Shipping	23.8	3.1
Systems	0.2	4.2
Other operations	0.1	
<b>Total</b>	24.6	7.4



## Environmental Affairs

The Group continued developing its environmental policies using follow-up and monitoring procedures in accordance with the Group's environmental policy and standards and procedures laid out by the International Chamber of Commerce.

## Implementation Of IFRS Standards

The Aspo Group will implement the reporting according to IFRS standards in 2005. According to the current estimate the change will not have significant effect on the result or on the balance sheet of the Group.

## Prospects For 2004

The maturity of global economic conditions into sustainable growth remains uncertain. Large regional differences and fluctuations in currency values have added to this uncertainty.

Prospects in Finland and its neighboring markets have improved from a year earlier. Aspo's divisions are benefiting increasingly from the positive general economic development of the Baltic Sea region, which stabilizes our operations and makes them more predictable. The organic growth of the Chemicals Di-

vision is expected to outstrip general economic growth, whereas growth prospects for the Systems Division are slightly negative. We expect significant growth for the Shipping Division as a result of last year's investments.

We expect the net sales of the Aspo Group as a whole to increase by over 10% and we estimate that the comparable operating profit excluding capital gains will stay at least on last year's level.

### Aspo Chemicals

In general, the demand for chemicals and plastic raw materials is expected to remain steady without major changes. Price fluctuations for different qualities will probably remain above normal. Once demand picks up permanently, prices should rise, since the producers remain under pressure to raise prices.

In our now stable neighboring markets, such as the Baltic states, growth seems to be slowing. Therefore new investments have been increasing for instance in the rapidly growing Ukrainian markets.

Competition remains fierce across all markets. We expect earnings to remain on last year's level, but we anticipate that net sales will increase, which will facilitate the Chemicals Division's chances of improving its profits during this year.

### Aspo Shipping

We expect shipping volumes and the net sales of the Shipping Division to continue grow-

ing this year. The distribution of cargos will change significantly, as coal's share will decrease while raw materials for the steel industry, such as iron ore pellets, will increase. The distribution of our invoicing currency is changing as well. The dollar's share will fall below half of the total, as the euro becomes our main invoicing currency.

We expect the Shipping Division's profitability to remain unchanged, provided that the dollar stays within the same range as it did during the beginning of the year. Consequently, there are good opportunities for the operating profit to grow this year.

### Aspo Systems

We don't expect market conditions for the Systems Division to deteriorate any further. In technology, one positive development is the emergence of on-line and chip card applications. On the other hand, the results of a possible recovery will materialize only in the second half of the year, as the first half is typically weak in this sector. We expect the Division's profit enhancement program to have a concrete impact during the year and the substantial non-recurring expenses incurred last year will decrease significantly.

We expect the net sales of the Systems Division to drop slightly from the previous year but earnings should improve by about EUR 1 million.

# Income Statement

1000 EUR	Note	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>Net Sales</b>	1.1	<b>145 238</b>	138 865		
Increase (+)/ Decrease (-) in finished goods inventory		<b>1 094</b>	747		
Other operating income	1.2	<b>6 690</b>	3 829	<b>6 399</b>	2 349
Materials and services	1.3	<b>-76 069</b>	-75 497		
Personnel costs	1.4	<b>-23 608</b>	-22 990	<b>-979</b>	-743
Depreciation and write-downs	1.5	<b>-7 697</b>	-7 414	<b>-703</b>	-743
Other operating expenses	1.6	<b>-32 082</b>	-28 569	<b>-2 410</b>	-2 162
<b>Operating Profit/Loss</b>		<b>13 567</b>	8 972	<b>2 306</b>	-1 299
Financial Income and Expenses	1.7	<b>-1 033</b>	-945	<b>-42</b>	30
<b>Profit/Loss Before Extraordinary Items</b>		<b>12 534</b>	8 026	<b>2 265</b>	-1 268
Extraordinary Items	1.8	<b>-7 700</b>	7 622	<b>6 360</b>	17 822
<b>Profit Before Taxes</b>		<b>4 834</b>	15 648	<b>8 625</b>	16 554
Appropriations	1.9			<b>2 864</b>	439
Direct taxes	1.10	<b>-3 723</b>	-2 513	<b>-5 447</b>	-2 729
Minority interest		<b>-12</b>	16		
<b>Net Profit for the Period</b>		<b>1 099</b>	13 152	<b>6 042</b>	14 264

# Balance Sheet

1000 EUR	Note	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>ASSETS</b>					
<b>Non-Current Assets</b>	2.1				
Intangible assets	2.1	488	880	41	101
Group goodwill	2.1	3 242	3 504		
Tangible assets	2.1	71 765	66 023	844	9 785
Long-term investments	2.2	1 166	888	15 920	16 885
		76 661	71 295	16 805	26 771
<b>Current Assets</b>					
Inventories	2.3	12 002	11 713		
Long-term receivables	2.4	314	291	84	105
Short-term receivables	2.4	19 481	18 571	34 765	22 913
Short-term investments	2.5	13 500	10 895	13 500	10 200
Cash and bank deposits		4 108	3 721	1 466	220
		49 405	45 190	49 816	33 438
		126 066	116 485	66 620	60 210
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Shareholders' Equity</b>	2.6				
Share capital		17 101	17 101	17 101	17 101
Premium fund		439	439	439	439
Other funds		25	25		
Retained earnings		37 337	32 642	7 146	1 261
Net profit for the fiscal year		1 099	13 152	6 042	14 264
<b>Total Equity</b>		56 002	63 360	30 728	33 066
<b>Appropriations</b>	2.7				2 864
<b>Minority Interest</b>		220	272		
<b>Mandatory Reserves</b>	2.8	428	390	249	269
<b>Liabilities</b>					
Deferred taxes		9 989	11 498		
Long-term liabilities	2.9	24 991	13 750		
Short-term liabilities	2.10	34 436	27 215	35 643	24 010
		69 416	52 463	35 643	24 010
		126 066	116 485	66 620	60 210



# Cash Flow Statement

1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>Operational Cash Flow</b>				
Operating profit/loss	13 567	8 972	2 306	-1 299
Adjustments to operating profit/loss	2 873	7 414	-4 091	292
Net change in working capital	-1 784	1 758	-33	43
Interest paid	-1 529	-1 639	-475	-671
Interest received	446	659	347	653
Dividends received	50	34	50	31
Other financial items			5	4
Taxes paid	-3 691	-3 259	-3 498	-3 077
<b>Net Operational Cash Flow</b>	<b>9 932</b>	<b>13 940</b>	<b>-5 388</b>	<b>-4 023</b>
<b>Investments</b>				
Investments in tangible and intangible assets	-23 842	-480	-83	-16
Gains on the sale of tangible and intangible assets	11 380	2 440	11 261	28
Gains on the sale of shares	1 139	466	1 139	440
Purchases of subsidiary shares		-6 256		
Sale of subsidiary shares	3 903		3 903	
Purchases of affiliate shares	-739			
<b>Total Cash Flow from Investments</b>	<b>-8 159</b>	<b>-3 831</b>	<b>16 220</b>	<b>452</b>
<b>Financing</b>				
Increase/Decrease in long-term receivables	-23	138	20	113
Increase/Decrease in short-term receivables			65	2 205
Repayments of short-term debt	-1 788			
New short-term loans		529	2 008	5 522
Repayments of long-term debt	-7 556	-4 983		
New long-term loans	19 000			
Back-taxes (entered in extraordinary items)		7 622		7 622
Profit distribution for minority shareholders	-33			
Dividends paid	-8 380	-4 788	-8 380	-4 788
<b>Total Financing</b>	<b>1 220</b>	<b>-1 482</b>	<b>-6 287</b>	<b>10 674</b>
<b>Increase/Decrease in Liquid Funds</b>	<b>2 993</b>	<b>8 627</b>	<b>4 546</b>	<b>7 102</b>
Liquid funds as of January 1	14 615	5 988	10 420	3 318
<b>Liquid Funds as of December 31</b>	<b>17 608</b>	<b>14 615</b>	<b>14 966</b>	<b>10 420</b>

# Accounting Principles

The financial statements and reports of the Group and Group companies have been prepared in accordance with the procedures laid out in the Finnish accounting law and other Finnish accounting legislation.

## Asset Valuation and Allocation Principles

Fixed assets have been recorded in the balance sheet at their acquisition cost net of planned depreciation. Planned depreciation has been calculated straightline over the entire economic lifetime of the asset from the point of acquisition.

The depreciation schedules for different asset classes are as follows:

Intangible assets	3- 5 years
Other long-term assets	5 - 10 years
Buildings and structures	15 - 30 years
Vessels	16 - 20 years
Pushers	8 - 10 years
Machinery and equipment	3 - 8 years
Piping and fixtures	5 - 20 years
Other fixed assets	5 - 40 years
Group goodwill	10 years
Goodwill	5 years

Inventories are accounted for using the FIFO method and are valued at their acquisition cost, their resale value, or their probable market value.

Marketable securities are valued at their acquisition cost.

Discounts and VAT have been accounted for under adjustments to net sales.

Research and development costs are fully expensed against the income statement during the fiscal year under review.

Pension benefits have been organized on behalf of the Group's personnel using pension insurance. The Group has no pension liabilities. The pension liabilities of the Aspo Group

pension fund have been transferred to a pension insurance company and the fund has been liquidated. The pension benefits of foreign subsidiaries have been organized according to local practices.

Liabilities and receivables denominated in foreign currencies have been recorded at the prevailing exchange rate on the date of transaction. Liabilities and receivables are converted into euros in connection with the preparation of financial statements using the average exchange rate on the closing date. Foreign currency denominated advances are converted using the prevailing exchange rate on the date of payment. All currency gains and losses are recognized or charged against the income statement during the year under review.

## Accounting Principles for the Group Financial Statements

The Group financial statements and reports include the parent company and all operational subsidiaries in which the parent has, either directly or indirectly, more than a 50% holding. Acquired companies are consolidated into the Group accounts from the point of acquisition. The financial statements of foreign subsidiaries are adjusted to match the Group's accounting principles and to meet Finnish accounting standards.

The Group financial statements are prepared using the acquisition cost method. This means that the acquisition costs of subsidiaries are matched against the equity accounts at the point of acquisition. Any amounts in excess of shareholders' equity are recorded in the subsidiary's fixed asset accounts and are then amortized using the planned depreciation schedule of the asset account in question.

Intra-Group transactions, internal receivables and payables, internal dividend payments and internal gross margins included in inventories are eliminated. Margins and gains related to the internal sale of fixed assets are also eliminated from the accounts.

Minority interests, which have been sepa-

rated from the shareholders' equity accounts, from accumulated excess depreciation (net of deferred taxes), and from earnings accounts, are presented as a separate item in the financial statements.

The income statements of foreign subsidiaries are converted into euros using the average exchange rate of the fiscal period in question. Balance sheets are converted using the exchange rate on the date the accounts are closed. Discrepancies arising from conversions are recorded along with equity-related conversion effects in the retained earnings account.

Leasing expenses are written off in the year under review.

Accumulated excess depreciation is allocated into the equity and deferred taxes (nominal tax liability) accounts. Changes in excess depreciation are recorded in the change in deferred taxes account and the profit for the fiscal year account. All significant allocation-related gains and losses are recognized or expensed.

Allocations pertaining to deferred taxes are performed using the prevailing tax base in the given country.

## Calculation Principles for the Pro Forma Figures

The 1999 financial statements are prepared on the basis of pro forma calculations. The companies referred to in the division plan have been consolidated in the financial statements excluding Toolsystem Oy and Sonmarin Oy with its subsidiaries that were sold in 1999. The divested operations have been eliminated from the figures as if the companies had been sold off already before the beginning of 1998. FIM 1.5 million (EUR 0.25 million) from the expenses of Aspo Plc have been transferred to Aspocomp Group Oyj. Dividends paid in previous years have been regarded as dividends paid by the new Aspo Plc. Interest paid and interest received, taxes and financial items comprise nominal items. A more detailed examination of the pro forma accounting is available in the division prospectus issued on April 8, 1999 and updated on September 28, 1999.

# Notes On The Financial Statements

1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>1. NOTES ON THE INCOME STATEMENT</b>				
<b>1.1 Net Sales</b>				
<b>Net Sales by Sector and Market Area</b>				
Net sales by sector				
Chemicals	57 938	56 594		
Shipping	51 488	43 140		
Systems	35 811	39 131		
<b>Total</b>	<b>145 238</b>	<b>138 865</b>		
Net sales by market area				
Finland	100 799	96 119		
Other Europe	44 427	41 113		
North America	12	110		
Others		1 524		
<b>Total</b>	<b>145 238</b>	<b>138 865</b>		
<b>1.2 Other Operating Income</b>				
Gains on the sale of fixed assets	4 824	608	4 765	450
Gains on the sale of operations	331	1 645		
Other Group operating income			476	472
Rental income and related remuneration	1 105	1 419	1 105	1 419
Other operating income	429	157	52	8
<b>Total</b>	<b>6 690</b>	<b>3 829</b>	<b>6 399</b>	<b>2 349</b>
<b>1.3 Materials and Services</b>				
Purchases during the fiscal period	67 802	65 853		
Change in inventories	67	132		
	<b>67 870</b>	<b>65 986</b>		
Outsourced services	8 199	9 511		
<b>Total</b>	<b>76 069</b>	<b>75 497</b>		
<b>1.4 Personnel-Related Notes</b>				
<b>Personnel Costs and Benefits</b>				
Salaries and wages	18 073	17 753	671	503
Pension costs	2 499	2 947	174	113
Other personnel costs	3 036	2 290	134	127
<b>Total</b>	<b>23 608</b>	<b>22 990</b>	<b>979</b>	<b>743</b>
<b>Management Salaries and Benefits</b>				
Executives	711	618		
Board members	101	101		
<b>Total</b>	<b>812</b>	<b>720</b>	<b>311</b>	<b>232</b>

1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>Employees of the Group and Parent during the fiscal period</b>				
Office personnel	268	257	8	8
Non-office workers	270	268		
<b>Total</b>	<b>538</b>	<b>525</b>	<b>8</b>	<b>8</b>
<b>CEO and Board Member Pension Liabilities</b>				
The CEO of the Parent has the option to retire at 60.				
<b>1.5 Depreciation and Write-downs</b>				
Depreciation of tangible and intangible assets	7 101	6 850	703	743
Amortization of Group goodwill	596	565		
<b>Total</b>	<b>7 697</b>	<b>7 414</b>	<b>703</b>	<b>743</b>
<b>1.6 Other Operating Expenses</b>				
Rent	2 324	2 006	376	493
Other expenses	29 758	26 563	2 035	1 669
<b>Total</b>	<b>32 082</b>	<b>28 569</b>	<b>2 410</b>	<b>2 162</b>
<b>1.7 Financial Income and Expenses</b>				
<b>Income from long-term investments</b>				
Dividend income from outside the Group	50	34	50	31
<b>Total</b>	<b>50</b>	<b>34</b>	<b>50</b>	<b>31</b>
<b>Other interest and financial income</b>				
From Group companies			199	385
From others	446	659	186	287
<b>Total</b>	<b>446</b>	<b>659</b>	<b>385</b>	<b>672</b>
<b>Interest and other financial expenses</b>				
To Group companies			458	573
To others	1 529	1 639	19	99
<b>Total</b>	<b>1 529</b>	<b>1 639</b>	<b>476</b>	<b>673</b>
<b>Total financial income and expenses</b>	<b>-1 033</b>	<b>-945</b>	<b>-42</b>	<b>30</b>
<b>1.8 Extraordinary Items</b>				
<b>Extraordinary income</b>				
Back-taxes with interest		7 622		7 622
Group transfer, Aspokem Ltd			1 810	1 850
Group transfer, ESL Shipping Oy			12 000	7 530
Group transfer, Suhi-Suomalainen Hiili Oy			250	820
<b>Total</b>		<b>7 622</b>	<b>14 060</b>	<b>17 822</b>
<b>Extraordinary expenses</b>				
Back-taxes with interest	7 700		7 700	
<b>Extraordinary items total</b>	<b>7 700</b>	<b>7 622</b>	<b>6 360</b>	<b>17 822</b>
<b>1.9 Appropriations</b>				
Accumulated depreciation in excess of plan			2 864	439
<b>1.10 Direct Taxes</b>				
Deferred taxes	86	14		
Change in deferred taxes	-1 357	-673		
Taxes on extraordinary items	-145	136	3 932	3 094
Taxes on operational income	5 140	3 036	1 515	-366
<b>Total</b>	<b>3 723</b>	<b>2 513</b>	<b>5 447</b>	<b>2 729</b>



## 2. NOTES ON THE BALANCE SHEET

### 2.1 Non-Current Assets

#### 2.1.1 Intangible and Tangible Assets

Group 1000 EUR	Intangible assets	Goodwill	Other long- lived assets	Intangible assets total	Group goodwill	Land	Buildings
Acquisition cost Jan. 1, 2003	1 435	947	340	2 722	6 523	1 053	19 661
Increase	147		25	172	4		59
Decrease	-242	-142	-9	-393	-798	-7	-14 732
Transfers					-310		
<b>Acquisition cost Dec. 31, 2003</b>	<b>1 341</b>	<b>804</b>	<b>356</b>	<b>2 502</b>	<b>5 419</b>	<b>1 046</b>	<b>4 988</b>
Accumulated depreciation Jan. 1, 2003	-1 053	-537	-251	-1 842	-3 018		-5 887
Accumulated depreciation on transfers and deductions	298	62	9	369	1 108		3 492
Planned depreciation	-181	-181	-31	-392	-415		-821
<b>Accumulated depreciation Dec. 31, 2003</b>	<b>-936</b>	<b>-656</b>	<b>-273</b>	<b>-1 865</b>	<b>-2 325</b>		<b>-3 216</b>
<b>Book value December 31, 2003</b>	<b>405</b>	<b>148</b>	<b>84</b>	<b>637</b>	<b>3 094</b>	<b>1 046</b>	<b>1 772</b>

	Machinery and equipment	Vessels	Other tangible assets	Other prepaid expenses	Tangible assets total
Acquisition cost Jan. 1, 2003	5 949	123 118	944	7	150 731
Increase	647	22 946	69		23 721
Decrease	-597		-101	-7	-15 444
Transfers		310			310
<b>Acquisition cost Dec. 31, 2003</b>	<b>5 999</b>	<b>146 374</b>	<b>911</b>		<b>159 318</b>
Accumulated depreciation Jan. 1, 2003	-4 025	-74 213	-583		-84 708
Accumulated depreciation on transfers and deductions	455		97		4 044
Planned depreciation	-662	-5 339	-68		-6 890
<b>Accumulated depreciation Dec. 31, 2003</b>	<b>-4 232</b>	<b>-79 552</b>	<b>-553</b>		<b>-87 554</b>
<b>Book value December 31, 2003</b>	<b>1 767</b>	<b>66 822</b>	<b>358</b>		<b>71 765</b>

Aspo Plc 1000 EUR	Intangible assets total	Land	Buildings	Machinery and equipment	Other tangible assets	Other prepaid expenses	Tangible assets total
Acquisition cost Jan. 1, 2003	252	30	12 203	327	166	4	12 730
Increase	27			88			88
Decrease	-62		-11 098	-55	-37	-4	-11 194
<b>Acquisition cost Dec. 31, 2003</b>	<b>217</b>	<b>30</b>	<b>1 105</b>	<b>360</b>	<b>129</b>		<b>1 624</b>
Accumulated depreciation Jan. 1, 2003	-150		-2 661	-239	-45		-2 945
Accumulated depreciation on transfers and deductions	16		2 831	-4			
Planned depreciation	-41		-605	-50	-7		-662
<b>Accumulated depreciation Dec. 31, 2003</b>	<b>-176</b>		<b>-436</b>	<b>-293</b>	<b>-52</b>		<b>-780</b>
<b>Book value December 31, 2003</b>	<b>41</b>	<b>30</b>	<b>669</b>	<b>67</b>	<b>77</b>		<b>844</b>

#### 2.2 Investments

Group 1000 EUR	Other shares	Affiliate shares	Total
Acquisition cost Jan. 1, 2003	888		888
Increase		739	739
Decrease	-461		-461
<b>Acquisition cost Dec. 31, 2003</b>	<b>427</b>	<b>739</b>	<b>1 166</b>
<b>Book value Dec. 31, 2003</b>	<b>427</b>	<b>739</b>	<b>1 166</b>

Aspo Plc 1000 EUR	Group company shares	Other shares	Total
Acquisition cost Jan. 1, 2003	16 000	885	16 885
Decrease	-504	-461	-965
<b>Acquisition cost Dec. 31, 2003</b>	<b>15 496</b>	<b>424</b>	<b>15 920</b>
<b>Book value Dec. 31, 2003</b>	<b>15 496</b>	<b>424</b>	<b>15 920</b>

Group Companies	Group Interest %	Parent Company Interest %	Parent Shares and Holdings		
			Number of Shares	Face Value 1000 EUR	Book Value 1000 EUR
Suhi-Suomalainen Hiili Oy, Helsinki	100.00	100.00	1 260	252	922
Autotank Ltd, Tampere	100.00	100.00	10 000	589	1 741
Aspokem Ltd, Helsinki	100.00	100.00	6 000	1 009	5 047
ESL Shipping Oy, Helsinki	100.00	100.00	1 800 000	673	6 829
Oy Troili Ab, Helsinki	100.00	100.00			8
Kiint. Oy Tietokartano, Tampere	79.00	79.00	395	133	949
Oy Bomanship Ab, Helsinki	100.00				
O.Y. Näppärä, Helsinki	100.00				
Travans Oy, Turku	100.00				
Paratug Ltd Oy, Parainen	100.00				
Aspokem Eesti AS, Estonia	100.00				
Aspokem Latvia SIA, Latvia	100.00				
Aspokemlit UAB, Lithuania	100.00				
OOO Aspokem, Russia	100.00				
Autotank OÜ, Estonia	100.00				
Autotank SIA, Latvia	100.00				
UAB Autotank, Lithuania	100.00				
Autotank Holding AB, Sweden	100.00				
Autotank AB, Sweden	90.10				
Autotank Service AB, Sweden	100.00				
Autotank AS, Norway	100.00				
Autotank Sp.zo.o., Poland	100.00				
Aspo Systems Oy, Helsinki	100.00				
Aspo Systems Česká republika s.r.o., Czech Republic	100.00				
<b>Total</b>					<b>15 496</b>

1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>2.3 Inventories</b>				
Materials and supplies	3 101	9 555		
Work in progress	14	27		
Finished goods	8 871	1 931		
Advances	15	200		
<b>Total</b>	<b>12 002</b>	<b>11 713</b>		
<b>2.4 Receivables</b>				
<b>Long-term receivables</b>				
Loans receivable	183	235	84	105
Deferred receivables	132	56		
<b>Total long-term receivables</b>	<b>314</b>	<b>291</b>	<b>84</b>	<b>105</b>
<b>Short-term receivables</b>				
Accounts receivable	15 450	15 188	103	14
Group transfers receivable			28 158	14 098
Loans receivable			6 487	8 694
Advances	253	309		
Other receivables	274	827		
Nominal tax receivable from Autotank Holding AB	255	59		
Deferred receivables *)	3 249	2 188	18	108
<b>Total short-term receivables</b>	<b>19 481</b>	<b>18 571</b>	<b>34 765</b>	<b>22 913</b>
*) Main items				
Subsidy from the Ministry of Transport and Communications	1 630	1 788		
Tax receivable	770	53		
Pension loans receivable		87		87
Agency commission	42	63		
<b>2.5 Short-Term Financial Assets</b>				
Acquisition cost	13 500	10 895	13 500	10 200
Book value	13 500	10 895	13 500	10 200

1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>2.6 Shareholders' Equity</b>				
Share capital January 1	17 101	17 541	17 101	17 541
Invalidation of own shares		-439		-439
<b>Share capital December 31</b>	<b>17 101</b>	<b>17 101</b>	<b>17 101</b>	<b>17 101</b>
Premium fund January 1	439		439	
Invalidation of own shares		439		439
<b>Premium fund December 31</b>	<b>439</b>	<b>439</b>	<b>439</b>	<b>439</b>
Other funds January 1	25	25		
<b>Other funds December 31</b>	<b>25</b>	<b>25</b>		
Share repurchasing fund January 1		1 243		1 243
Invalidation of own shares		-1 243		-1 243
<b>Share repurchasing fund December 31</b>				
Retained earnings January 1	45 794	37 536	15 525	6 049
Dividend distribution	-8 380	-4 788	-8 380	-4 788
Conversions	-77	-105		
<b>Retained earnings December 31</b>	<b>37 337</b>	<b>32 642</b>	<b>7 146</b>	<b>1 261</b>
<b>Net profit for the year</b>	<b>1 099</b>	<b>13 152</b>	<b>6 042</b>	<b>14 264</b>
<b>Total shareholders' equity</b>	<b>56 002</b>	<b>63 360</b>	<b>30 728</b>	<b>33 066</b>
Share of accumulated excess depreciation and voluntary reserves	21 688	24 821		
Distributable unrestricted equity	16 748	20 973	13 187	15 525
<b>2.7 Appropriations</b>				
Accumulated depreciation in excess of plan December 31	35 626	40 039		2 864
Nominal tax receivable	-10 332	-11 611		
Reserves in equity at point of acquisition	-3 607	-3 607		
<b>Voluntary reserves in equity December 31</b>	<b>21 688</b>	<b>24 821</b>		
<b>2.8 Mandatory Reserves</b>				
Provision for expenses related to divestitures	428	390	249	269
<b>Total</b>	<b>428</b>	<b>390</b>	<b>249</b>	<b>269</b>
<b>2.9 Long-Term Liabilities</b>				
Loans from financial institutions	24 948	13 693		
Pension loans	43	57		
<b>Total long-term liabilities</b>	<b>24 991</b>	<b>13 750</b>		
Deferred taxes				
Taxes on appropriations	9 989	11 498		
Debts with maturities longer than 5 years				
Loans from financial institutions	7 462	2 163		



1000 EUR	Group 2003	Group 2002	Aspo Plc 2003	Aspo Plc 2002
<b>2.10 Short-Term Liabilities</b>				
Unredeemed shares		4		4
Loans from financial institutions	5 102	6 682		
Pension loans	14	19		
Unpaid dividends 1998-2002	6	6	6	6
Payables	10 135	10 028	216	139
Advances	519	703		
Other debt *)	5 390	3 443	2 732	800
Deferred payables **)	13 269	6 331	7 996	146
	34 436	27 215	10 950	1 094
*) Main items				
Deferred taxes	2 710	782	2 710	782
VAT	1 177	1 207		
Employer's contributions	1 105	1 127	21	18
**) Main items				
Accrued interest	266	245		7
Personnel expenses	56	1 041	29	2
Provision for commission		395		
Bareboat lease for Ms Eira	612	700		
Annual vacation and other salary allocations	3 420	3 162	233	127
Back-taxes with interest	7 700		7 700	
<b>Intra-Group liabilities</b>				
Loans			24 689	22 909
Deferred payables			4	7
			24 693	22 916
<b>Total short-term liabilities</b>	<b>34 436</b>	<b>27 215</b>	<b>35 643</b>	<b>24 010</b>
<b>3. OTHER NOTES</b>				
<b>3.1 Securities, Contingent Liabilities and Other Liabilities</b>				
Debts secured by real estate and vessels				
Loans from financial institutions	9 290	18 212		
Securities	13 623	27 562		
<b>Collateral Note</b>				
EUR 19,000,000 loan is secured against the current and future funds of Sampo Bank Plc bank account Nr. 800017-70959592, including interest. As of 2003-12-31 the balance of the account was EUR 0.00.				
<b>Pension liabilities</b>				
The Group has no pension liabilities.				
<b>Leasing liabilities</b>				
Unpaid lease payments				
Payable in the fiscal 2004	487	396	38	10
Payable later	899	1 007	164	40
<b>Total</b>	<b>1 386</b>	<b>1 403</b>	<b>202</b>	<b>50</b>
<b>Scrap value-related liabilities</b>	<b>2 450</b>	<b>3 151</b>		
<b>Total leasing liabilities</b>	<b>3 836</b>	<b>4 553</b>		
<b>Bareboat contract payments</b>				
Payable in the fiscal 2004	1 587	1 817		
Payable later	13 805	15 392		
<b>Total</b>	<b>15 392</b>	<b>17 209</b>		
The contract contains a buyout option (separate agreement).				
<b>Guarantees on behalf of Group companies</b>				
Pension loans			561	581
Leasing liabilities			2 516	3 973
Bareboat agreement			15 392	17 209
<b>Total</b>			<b>17 908</b>	<b>21 182</b>
<b>Derivative contracts</b>	<b>3 283</b>	<b>722</b>	<b>3 283</b>	<b>722</b>

# Financial Performance and Key Figures 1999-2003

Pro forma 1999

	2003	2002	2001	2000	1999
Net sales, MEUR	145.2	138.9	123.1	107.5	83.5
Operating profit after depreciation, MEUR	13.6	9.0	8.7	5.6	1.6
Share of net sales, %	9.3	6.5	7.1	5.2	1.9
Profit before extraordinary items and taxes, MEUR	12.5	8.0	8.0	4.4	1.4
Share of net sales, %	8.6	5.8	6.5	4.1	1.7
Profit before taxes, MEUR	4.8	15.6	0.8	4.3	6.9
Share of net sales, %	3.3	11.3	0.7	4.0	8.2
Return on investment (ROI), %	16.5	11.9	11.4	6.4	3.0
Return on equity (ROE), %	14.5	9.5	9.4	4.7	0.8
Equity ratio, %	44.8	55.0	52.7	53.5	53.2
Equity ratio net of tax liabilities, %	52.7	64.9	62.9	63.1	62.1
Gearing	22.2	9.2	28.6	33.0	21.5
Gross investments in fixed assets, MEUR	24.6	7.4	1.9	6.4	9.4
Share in net sales, %	17.0	5.3	1.5	6.0	11.3
Personnel, December 31	536	538	435	384	366
Personnel, average	538	525	412	375	300
Earnings/share (EPS), EUR	1.01	0.66	0.65	0.35	0.13
Equity/share, EUR	6.55	7.41	6.44	7.18	7.81
Nominal dividend/share, EUR (Board proposal)	1.40	0.98	0.56	0.55	2.00
Adjusted dividend/share, EUR	1.40	0.98	0.56	0.55	1.00
Dividend/earnings, %	138.3	147.9	86.3	155.8	1534.4
Effective dividend yield, %	10.8	11.2	8.9	11.0	22.5
Price/earnings ratio (P/E)	12.9	13.5	9.7	14.2	68.2
Share prices (adjusted)					
average, EUR	10.05	8.23	5.45	7.93	3.79
low, EUR	8.60	6.15	4.10	4.50	3.05
high, EUR	14.00	9.26	6.40	11.20	4.50
Average yearend closing price, EUR	13.02	8.94	6.30	5.00	4.45
Market value of total shares outstanding, December 31, MEUR	111.2	76.4	53.9	42.9	39.0
Share turnover, 1 000 each	1 531	708	966	1 813	427
Share turnover, %	17.9	8.3	11.0	20.7	9.7
Total share volume, 1 000 EUR	15 391	5 828	5 264	14 375	3 227
Total number of shares, 1 000 each					
total yearend	8 551	8 551	8 770	8 770	4 385
total yearend, adjusted	8 551	8 551	8 770	8 770	8 770
outside the Group	8 551	8 551	8 551	8 584	8 770
outside the Group, adjusted average	8 551	8 551	8 581	8 713	8 770

# Calculation of Key Ratios

## **Return on Investment (ROI), %**

Profit before extraordinary items and taxes +  
interest and other financial costs x 100 /  
Balance sheet total – interest-free liabilities (average)

## **Return on Equity (ROE), %**

Profit before extraordinary items and taxes – direct taxes x 100 /  
Shareholders' equity + minority interest (average)

## **Equity Ratio, %**

Shareholders' equity + minority interest x 100 /  
Balance sheet total – advances received

## **Gearing**

Interest-bearing liabilities – liquid assets /  
Shareholders' equity + minority interest

## **Average Personnel**

Average number of personnel as of the month end

## **Earnings per Share (EPS), EUR**

Profit before extraordinary items and taxes –  
direct taxes – minority interest /  
Adjusted average number of shares  
outstanding during the period

## **Equity / Share, EUR**

Shareholders' equity /  
Adjusted number of shares outstanding at the yearend

## **Adjusted Dividend / Share, EUR**

Dividend paid in period / Share issue multiplier

## **Dividend / Earnings, %**

Adjusted dividend per share x 100 / Earnings per share

## **Effective Dividend Yield, %**

Adjusted dividend / share x 100 / Average yearend share price

## **Price Earnings Ratio (P/E)**

Adjusted yearend share price / Earnings per share

## **Adjusted Average Share Price**

Total share turnover in euros / Adjusted fiscal share turnover

## **Equity Market Value**

Total number of shares outstanding x average yearend share price

Share-related key figures are calculated on the basis of shares outside the Group.



# Shares and Shareholders

## Share Capital

The minimum share capital of Aspo Plc is 8,729,178 euros and the maximum is 34,916,712 euros. Within these limits the share capital can be increased or decreased without amending the Articles of Association. The minimum number of shares is 4,364,589 and the maximum number is 17,458,356. On December 31, 2003 the registered share capital of Aspo Plc was 17,101,442 euros, consisting of 8,550,721 shares with a book value of 2 euros per share.

## Shares

The company has one series of shares. Each share entitles its holder to one vote at the Annual Shareholders' Meeting. Aspo Plc shares have been traded on the main list of the Helsinki Stock Exchange since October 1, 1999, with the trading code ASU1V in the diversified companies class. The standard batch is 50 shares.

## Share Ownership

Aspo Plc shares are running on the Finnish book-entry system maintained by the Finnish Central Securities Depository Ltd.

There were no major changes in Aspo's ownership structure during the year. As of the yearend the number of shareholders totaled 2,370. Of these 99.7% were held directly, 0.3% were held through nominee registrations and a total of 0.2% of the company stock was held by non-domestic entities.

As of the yearend the ten largest shareholders of Aspo Plc were in possession of 55.53% of the shares and voting rights. The ten major shareholders as of the yearend are listed in the following table.

The list of Aspo's major shareholders is presented and updated monthly on the company website [www.aspo.fi](http://www.aspo.fi).

## Share Ownership by the CEO and the Board of Directors

The total number of shares held by the CEO and the members of the Board of Directors of Aspo Plc and their interest groups as of December 31, 2003 was 755,485 shares, corresponding to 8.8% of the shares and voting rights. The holdings of the management

and insiders are specified more in detail on page 43 of the annual report. In addition, monthly updated information on insider holdings is available at the website: [www.aspo.fi](http://www.aspo.fi).

## Share Turnover and Share Prices

During fiscal 2003 a total of 1,531,107 Aspo Plc shares with a value of EUR 15.4 million changed hands on the Helsinki Stock Exchange, or 17.9% of the total number of shares outstanding. The shares reached a high of EUR 14.00 (on December 1, 2003) for the period and a low of EUR 8.60 (on May 19, 2003). The average share price was EUR 10.05. The closing price on December 31, 2003 was EUR 13.01. At the end of the fiscal period the market value of the shares outstanding totaled EUR 111.2 million.

The company's share price performance and turnover are displayed here graphically. On February 27, 2004 the share price was EUR 14.90 with a market value of EUR 127.4 million. You can see the latest trades at [www.aspo.fi](http://www.aspo.fi).

## Dividends

Aspo has an active, cash flow-based dividend policy, the goal of which is to distribute on average at least half of our annual earnings to shareholders.

The Aspo Plc Board of Directors will propose at the Annual Shareholders' Meeting that a dividend totaling EUR 1.40 per share on fiscal 2003 be distributed to the shareholders, representing 138.3% of company earnings.

## Domestic Equity Tax Values

For 2003 taxation the official tax value of the Aspo Plc share in Finland is EUR 9.10.

## Authorizations

At the 2003 Aspo Plc Annual Shareholders' Meeting the Board of Directors was authorized to raise the company's share capital in one or more lots through new share issues and/or convertible bond and/or stock option issues in such a way that the share capital can be increased by up to 3,420,000 euros.

As of March 1, 2004 the authorization remained unexercised.

## Authorization to Repurchase and Disposal of Own Shares

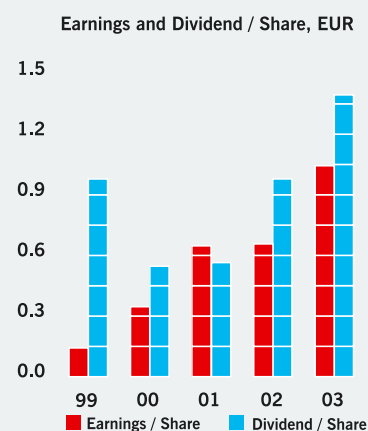
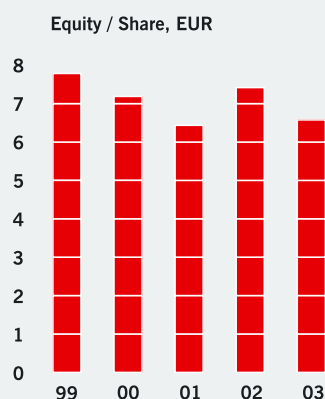
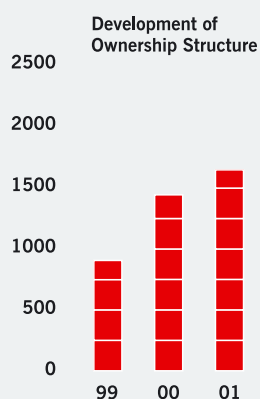
The Shareholders' Meeting authorized the Board with distributable funds to repurchase a maximum of 427,536 of the company's own shares regardless of the shareholders' holdings. The shares will be purchased through public trade organized by the Helsinki Stock Exchange at the market value at the point of acquisition. The share purchase will reduce the amount of the company's distributable equity.

The shareholders further authorized the Board of Directors to decide on the disposal of a maximum of 427,536 repurchased shares in one or more lots in deviation from the shareholders' privileges.

The shares will be purchased and disposed of mainly to finance acquisitions or other purchases related to the company's operations. The Board may also recommend the invalidation of the shares to the shareholders.

The Board did not exercise the authorizations during the fiscal period. The current authorizations are valid for one year from the decision at the shareholders' meeting.

For more information about the Board authorizations provided by Aspo Plc shareholders see [www.aspo.fi](http://www.aspo.fi).



#### Distribution of Ownership December 31, 2003

Number of Shares	No. of Shareholders	% of Shareholders	Total Shares	% of Shares
1 -100	504	21.3	36 633	0.4
101 -500	1 021	43.0	304 987	3.6
501 -1 000	381	16.1	309 629	3.6
1 001 -10 000	408	17.2	1 182 823	13.8
10 001 -	56	2.4	6 715 161	78.6
In joint accounts			1 488	1.02
<b>Total</b>	<b>2 370</b>	<b>100.0</b>	<b>8 550 721</b>	<b>100.0</b>

#### By Owner Group

	% of Total	Total Shares %
1. Households	91.6	62.0
2. Companies	6.1	7.9
3. Financial and insurance companies	0.4	19.3
4. Non-profit organizations	1.3	3.6
5. Public institutions	0.2	7.0
6. Non-domestic	0.4	0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

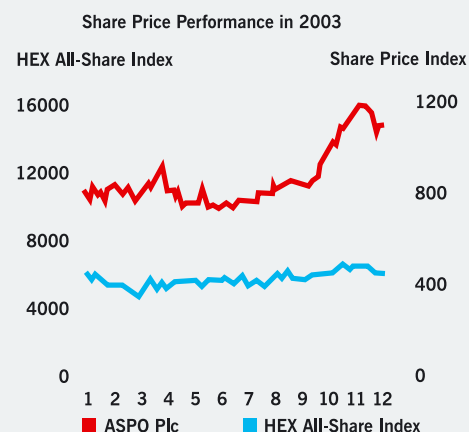
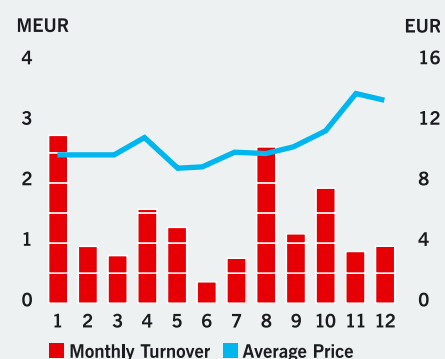
#### Share Trading by Year

	Trading MEUR	Trading No. of Shares	Average EUR	Low EUR	High EUR
2000	14.4	1 812 523	4.99	4.50	11.70
2001	5.3	966 604	5.45	4.10	6.40
2002	5.8	708 000	8.23	6.15	9.26
<b>2003</b>	<b>15.4</b>	<b>1 531 107</b>	<b>10.05</b>	<b>8.60</b>	<b>14.00</b>

#### Major Shareholders as of December 31, 2003

	Number of Shares	% of Stock and Votes
Nyberg H.B.	1 000 000	11.69
Sampo Life Insurance Company Limited	862 826	10.09
Varma Mutual Pension Insurance Company	541 000	6.33
Vehmas A.E.	453 640	5.31
Vehmas Tapio	393 946	4.61
Stadigh Kari	392 086	4.59
Vehmas Liisa	333 030	3.89
Estlander Henrik	266 146	3.11
Pohjola Non-Life Insurance Company Ltd	262 160	3.07
Nyberg Gustav	242 995	2.84
<b>Ten largest shareholders total</b>	<b>4 747 829</b>	<b>55.53</b>
Nominee registrations	25 450	0.30
Other shareholders	3 777 442	44.18
<b>Total</b>	<b>8 550 721</b>	<b>100.0</b>

#### Share Trading and Average Prices in 2003



# Distribution of Earnings and Auditor's Report

## Proposal of the Board for the Distribution of Earnings

The Group has a total of EUR 38,435,946.24 in its unrestricted earnings account, of which EUR 16,748,308.78 is distributable. The parent company has a total of EUR 13,187,461.94 in its unrestricted equity account. As of December 31, 2003 the registered total number of shares was 8,550,721.

Helsinki, February 11, 2004

Kari Stadigh  
Matti Arteva  
Kari Haavisto  
Roberto Lencioni

Gustav Nyberg  
CEO

The Board proposes that the company's earnings be distributed as follows:

a basic dividend of EUR 0.50 / share to be paid out on each of the 8,550,721 shares outstanding	4 275 360.50 €
a surplus dividend of EUR 0.90 / share to be paid out on each of the 8,550,721 shares outstanding	7 695 648.90 €
to be held in the retained earnings account	1 216 452.54 €
	13 187 461.94 €

## Auditor's Report

### To the Shareholders of Aspo Plc

We have audited the accounting, the financial statements and the corporate governance of Aspo Plc for the period January 1 - December 31, 2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes on the financial statements, have been prepared by the Board of Directors and the CEO. Based on our audit we express an opinion on these financial statements and on corporate governance.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, as-

sessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the CEO have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the

CEO of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distributable assets is in compliance with the Companies' Act.

Helsinki, February 26, 2004

PricewaterhouseCoopers Oy  
Authorized Public Accountants

Jouko Malinen  
Authorized Public Accountant

## Corporate Governance

At the yearend Aspo moved to Helsinki's Sörnäinen district. Aspo Board members Kari Stadigh, Matti Arteva, Roberto Lencioni and Kari Haavisto get involved.





Aspo Plc is managed in accordance with the regulations of the Finnish Companies' Act, Securities market regulations and other governmental regulations on the management of public limited companies; the principles described here are supplementary to government regulations. The company's Board of Directors has ratified an agenda, which is in accordance with the recommendations given by the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers.

### Annual Shareholders' Meeting

The highest authority for management and operations in the Aspo Group is held by the statutory bodies of Aspo Plc, which are the Annual Shareholders' Meeting, the Board of Directors and the Chief Executive Officer. The ultimate power for decisions is vested in the shareholders at the Annual Shareholders' Meeting, held yearly in Helsinki, at the registered office of the company, at a time specified by the Board of Directors.

At the Annual Shareholders' Meeting the stockholders approve the income statement and the balance sheet of the company and the Group, decide on the payment of dividends and elect the Board members and the auditor.

### Board of Directors

The Board of Directors of Aspo Plc comprises not less than four (4) and not more than eight (8) members. Currently Aspo Board comprises four members. The members of the Board of Directors elect a chairman and a vice-chairman from amongst themselves. The members of the Board of Directors are elected for a two-year term of office.

The members of the Board of Directors of Aspo Plc represent the largest shareholders of the company. The duties and responsibilities of the Board of Directors are set out in the Company's Articles of Association, the Finnish Companies' Act and other applicable regulations. The duties of the Board of Directors include responsibility for strategic planning in the Aspo Group and the appropriate organization of its management and operations. The Board also approves the budgets of Group subsidiaries, approves Group investments, expansion or reduction of operations, as well as acquisitions, and divestitures. The Board oversees the Group environmental policy and makes decisions concerning charitable donations.

In keeping with its responsibility to oversee the Group's operations and financial performance, the Board will receive and examine financial reports for its meetings. The CEO of the Parent company will present the Group report at board meetings.

The Aspo Plc Board of Directors met 16 times during fiscal 2003. The members of the Board of Directors are as follows:

#### Kari Stadigh

Born 1955, M.Sc. (Eng.), BBA  
Deputy CEO, Sampo Plc 2001 –  
Primary working experience: President, Sampo Life Insurance Company Limited 1999-2000; President, Nova Life Insurance Company 1996-1998; President and COO, Jaakko Pöyry Group 1991-1996; President, JP-Finance Oy 1985-1991

Chairman of the Board since 2000, member of the Board since 1999.

Shareholdings in Aspo Plc: 392,086 shares corresponding to 4.59% of the total number of shares. No holdings or rights based on a share-related compensation system.

Key positions of trust: Chairman of the Board: Federation of Finnish Insurance Companies, If Skadeförsäkring Holding AB (publ), Sampo Life Insurance Company Limited, Kaleva Mutual Insurance Company; Vice-Chairman of the Board: Alma Media Corporation.

#### Matti Arteva

Born 1945, Engineer  
President of the Metal Products Division, Rautaruukki Oy, 2003 –  
Primary working experience: Chief Executive Officer Asva Ltd 1993-2003; Management positions, Aspo Ltd 1975-1993; Manager, Oy Telko Ab 1970-1975.

Vice-Chairman of the Board since 2000, member of the Board since 1999.

Shareholdings in Aspo: 77,308 shares corresponding to 0.9% of the total number of shares. No holdings or rights based on a share-related compensation system.

Key positions of trust: Steel Group member: The Association of Finnish Technical Traders and Technology Industries of Finland; Delegate: Helsinki Chamber of Commerce.

#### Kari Haavisto

Born 1941, Lic. Sc. (Econ.)  
Primary working experience: Chief Financial Officer, Metsäliitto Group 1992-2003; Executive Vice President, Metsä-Serla 1987-1992; Management positions, Nokia 1976-1987.

Member of the Board since 1999.

Shareholdings in Aspo Plc: 40,000 shares (Fundum Oy) corresponding to 0.47% of the total number of shares. No holdings or rights based on a share-related compensation system.

Key positions of trust: Vice-Chairman of the Board: Finland Post Corporation and Suominen Corporation; Member of the Board: Exel Oy and Evli Bank Plc.

#### Roberto Lencioni

Born 1961, LL.B.

Managing Director, Oy Gard (Baltic) Ab 2003-  
Primary working experience: Management positions, Oy Baltic Protection Ab 1990-2002; Managing Director, Oy Baltic Insurance Brokers Ab 1994-2001; Sales Manager, Aspo-comp Oy 1988-1990; Group Lawyer, Aspo Group 1986-1988.

Member of the Board since 1999.

Shareholdings in Aspo Plc: 3,096 shares corresponding to 0.04% of the total number of shares. No holdings or rights based on a share-related compensation system.

Key positions of trust: Vice-Chairman of the Board: Aspokem Ltd, Autotank Ltd, ESL Shipping Oy; Member of the Board: Aspocomp Group Oy.

The terms of Messrs. Matti Arteva and Kari Haavisto will expire at the Annual Shareholders' Meeting in 2004.

The Group Subsidiary Boards include members also from outside the Group. The members of the Board of Directors of the largest subsidiary companies are as follows:

**Aspokem Ltd:** Gustav Nyberg, Chairman; Roberto Lencioni, Vice-Chairman; Juhani Sammasmaa, Member.

**ESL Shipping Oy:** Gustav Nyberg, Chairman; Roberto Lencioni, Vice-Chairman; Thomas Alopaeus and Max Söderberg, Members.

**Autotank Ltd:** Gustav Nyberg, Chairman; Roberto Lencioni, Vice-Chairman; Berndt Karsten, Member.

### Chief Executive Officer and Group Executive Committee

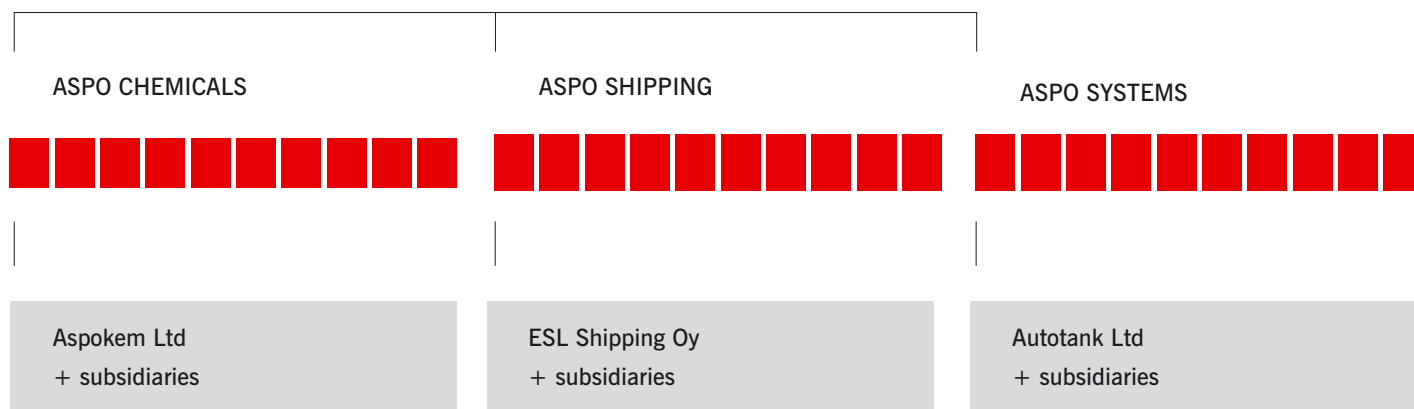
The Chief Executive Officer of Aspo Plc is appointed by the Board of Directors. The Chief Executive Officer is responsible for the management and control of the company's business and operational management in accordance with the Finnish Companies' Act and the instructions of the Board of Directors.

M. Sc. (Econ.), eMBA Gustav Nyberg (47) has served as Aspo's Chief Executive Officer since October 1, 1999. The Chief Executive Officer is supported by the executive committee of the company including, in addition to the CEO, the Chief Financial Officer Dick Blomqvist and Project Manager Pekka Piironen.

### Aspo Plc Insiders February 27, 2004

Name	Insider's Position	Number of Shares	%
Kari Stadigh	Chairman of the Board, Aspo Plc	392 086	4.59
Matti Arteva	Vice-Chairman of the Board, Aspo Plc	77 308	0.90
Kari Haavisto, Fundum Oy	Member of the Board, Aspo Plc	40 000	0.47
Roberto Lencioni	Member of the Board, Aspo Plc	3 096	0.04
Gustav Nyberg	Chief Executive Officer, Aspo Plc	242 995	2.84
Alexander Nyberg		600	0.01
Marcella Nyberg		600	0.01
Dick Blomqvist	Chief Financial Officer, Aspo Plc	7 140	0.08
Asta Nurmi	Executive Secretary, Aspo Plc	1 734	0.02
Pekka Piironen	Project Manager, Aspo Plc	5 000	0.06
Hilkka Jokiniemi	Secretary, Aspo Plc	-	-
Jari Ranne	President, Aspokem Ltd	5 000	0.06
Kari Tiiri	Senior Vice President, Aspokem Ltd	5 680	0.07
Eerik Yrjölä	President, ESL Shipping Oy	3 000	0.04
Tom Blomberg	Senior Vice President, ESL Shipping Oy	3 000	0.04
Peter Hutton	President, Autotank Ltd	5 000	0.06
Paul Johnson	Senior Vice President, Autotank Ltd	-	-
Jouko Malinen	Chartered Accountant, PricewaterhouseCoopers Oy	-	-
<b>Total</b>		<b>792 239</b>	<b>9.29</b>

## Aspo Plc



### Salaries and Compensation

The Aspo Plc Annual Shareholders' Meeting decides on the compensation of the members of the Board of Directors for one year at a time. The Board of Directors sets the salary and other benefits of the Chief Executive Officer and also decides on the salaries and benefits of other Group executives.

Salaries and compensation paid to the CEO and Board members in 2003 totaled EUR 0.3 million. Within the Group the total in 2003 was EUR 0.8 million.

The Aspo Group has also established several bonus-based incentive systems. The incentive system for the staff is tied to the achievement of budgeted targets. The Aspo Group paid a total of EUR 0.5 million worth of bonuses in 2003. The maximum bonus corresponds to a sum equivalent to 3 months base salary.

The executives have an incentive system tied to the share price, in which possible rewards are based on the yield of the company share.

Aspo Plc has not issued a bond or stock option issue.

### Share Ownership by the CEO and the Board of Directors

As of February 27, 2004 the total number of shares held by the CEO and the Aspo Plc Board members was 755,485 shares, corresponding to 8.8% of the shares and voting rights.

## Personnel

The Group's personnel totaled 536 (538) at the yearend and averaged 538 (525) during the period. The Group employed an average of 268 office personnel and a total of 270 non-office workers during the fiscal year.

### Insider Regulations

Since February 1, 2000 Aspo Plc has followed the insider trading guidelines established by the Helsinki Stock Exchange.

In addition to the persons required to report by the Securities Act, Aspo maintains a more extensive insider register. Information on the holdings of the company's permanent insiders is available through the SIRE system of the Finnish Central Securities Depository Ltd. Furthermore, the holdings and trades done by the permanent company insiders are presented and monthly updated on the company website at [www.aspo.fi](http://www.aspo.fi).

Persons in charge of the insider register are Ms Hilikka Jokiniemi and her deputy Ms Asta Nurmi.

### Period of Silence

The release of interim reports and financial statements is preceded by a two-week period of silence. The permanent insiders of Aspo Plc are not allowed to trade any securities issued by the company during this period.

Insiders are obliged to request appraisals concerning the legality of their security trading plans.

### Control Systems

#### Auditors

The management and accounts of the company are subject to an annual external audit by an auditor elected by the Annual Shareholders' Meeting. The auditor must be a public ac-

counting corporation approved by the Central Chamber of Commerce of Finland. The elected auditor must also carry out an internal audit, where applicable.

The current auditor elected at the Annual Shareholders' Meeting is PricewaterhouseCoopers Oy. APA Jouko Malinen is the auditor in charge. The auditor is responsible for the guidance and coordination of the auditing process throughout the Group. The auditor must present the auditing report to the shareholders together with the company's annual financial statements as required by law. Furthermore, the auditor must submit interim reports to the members of the Board of Directors.

Upon approving the financial statements, the Aspo Plc Board will receive and review at its meeting the responsible auditor's report covering the audit. The auditors will participate in Board meetings when necessary, also at other times than when the financial statements are to be approved.

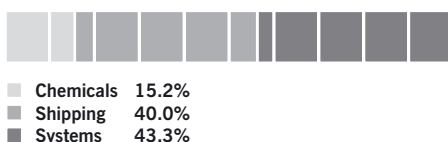
### Organization

It is the task of Aspo Plc to own and control assets, control the operations of subsidiary companies and other business units, and centrally manage issues relating to the administration, financing and strategic planning of all Group companies, as well as to plan and implement financially viable investments.

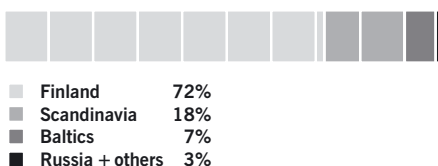
Aspo's line activities take place within the Group subsidiaries. The three divisions are Aspo Chemicals, Aspo Shipping and Aspo Systems.

strong performances. Regular performance reviews are a pivotal tool in our HR management. We invest in training and the development of professional skills on every organizational level. Training programs are tailored to meet the varying needs of each division.

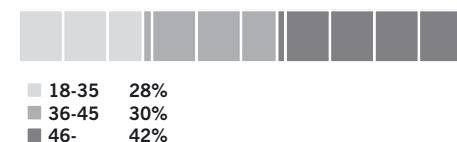
#### Personnel by Division



#### Personnel by Country



#### Personnel by Age





# Notice to the Shareholders

## Annual Shareholders' Meeting

The Aspo Plc Annual Shareholders' Meeting will be held at Hotel Hilton Helsinki Strand, John Stenbergin rantaa 4, FI-00530 Helsinki, on Thursday, April 1, 2004 at 2 PM.

Shareholders registered by the Finnish Central Securities Depository Ltd no later than March 22, 2004 are entitled to participate in the meeting. Shareholders wishing to attend the meeting are requested to notify the company by 4 PM on March 29, 2004, either by letter at the address Aspo Plc, P.O.Box 17, FI-00581 Helsinki, or by telephone at +358 9 7595 368/Hilkka Jokiniemi, or by telefax at +358 9 7595 301 or by e-mail at [hilkka.jokiniemi@aspo.fi](mailto:hilkka.jokiniemi@aspo.fi).

Letters authorizing a proxy to exercise a shareholder's voting right at the Annual Shareholders' Meeting should be sent to the Company before the notification period expires.

### Payment of Dividends

The Aspo Plc Board of Directors proposes that a dividend totaling EUR 1.40 per share on fiscal 2003 be paid on April 15, 2004 to shareholders registered by the Finnish Central Securities Depository Ltd by April 6, 2004, at the latest.

### Share Register

Shareholders are requested to provide the custodial register containing their book-entry account with their name, address and any changes in equity holdings.

## Financial Information

Aspo Plc will publish interim reports in fiscal 2004 as follows:

On Thursday, April 29, for January-March, on Thursday, August 19, for January-June, on Wednesday, October 27, for January-September.

The reports will be available at [www.aspo.fi](http://www.aspo.fi) immediately after publishing.

### Aspo Plc Investor Relations

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Aspo observes a news blackout between the end of the fiscal period and the publication of the results for the period in question. During the blackout the company's representatives do not meet investors or analysts, nor will they comment on the company's financial performance.







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